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KINGBO STRIKE LIMITED

工 蓋 有 限 公 司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1421)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2015

The board (the “Board”) of directors (the “Directors”) of Kingbo Strike Limited (the “Company”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 30 June 2015 together with comparative figures for the corresponding year in 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Notes	2015 S\$	2014 S\$
REVENUE	4	11,826,488	22,628,298
Cost of sales		<u>(8,192,581)</u>	<u>(13,515,642)</u>
Gross profit		3,633,907	9,112,656
Other operating income	5	613,952	51,447
Administrative expenses		(1,417,087)	(2,771,721)
Other operating expenses		(307,682)	(292,496)
Finance costs	6	(258)	(2,568)
Share of results of joint ventures		1,470,714	499,930
Share of results of associates		<u>267,858</u>	<u>426,059</u>
PROFIT BEFORE TAX	7	4,261,404	7,023,307
Income tax expense	9	<u>(373,953)</u>	<u>(1,276,038)</u>
PROFIT FOR THE YEAR AND OTHER COMPREHENSIVE INCOME FOR THE YEAR		<u>3,887,451</u>	<u>5,747,269</u>
Earnings per share attributable to equity holders of the Company			
Basic and diluted earnings per share (<i>S\$ cents</i>)	10	<u>0.61</u>	<u>1.00</u>

The Directors do not recommend the payment of any dividends for the year ended 30 June 2015 (2014: S\$nil).

* For identification purposes only

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	<i>Notes</i>	2015 S\$	2014 S\$
NON-CURRENT ASSETS			
Interests in joint ventures	11	2,867,976	1,336,357
Interests in associates	12	541,658	849,705
Plant and equipment	13	390,512	95,342
Trade and other receivables	16	1,622,357	2,377,461
		<u>5,422,503</u>	<u>4,658,865</u>
CURRENT ASSETS			
Gross amount due from customers for contract work in progress	14	2,463,996	2,644,185
Inventories	15	46,630	43,809
Prepayments		26,826	26,282
Trade and other receivables	16	1,746,016	1,618,183
Cash and cash equivalents	17	17,628,754	18,252,010
		<u>21,912,222</u>	<u>22,584,469</u>
CURRENT LIABILITIES			
Income tax payable		364,918	1,296,011
Trade and other payables	18	3,856,802	6,730,804
		<u>4,221,720</u>	<u>8,026,815</u>
NET CURRENT ASSETS		<u>17,690,502</u>	<u>14,557,654</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>23,113,005</u>	<u>19,216,519</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	19	25,243	16,208
Net assets		<u>23,087,762</u>	<u>19,200,311</u>
EQUITY			
Share capital	20	1,048,880	1,048,880
Share premium	20	12,366,974	12,366,974
Retained earnings		11,911,555	8,024,104
Merger reserves	21	(2,239,647)	(2,239,647)
Total equity		<u>23,087,762</u>	<u>19,200,311</u>

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Kingbo Strike Limited (the “Company”) was incorporated in the Cayman Islands on 19 June 2013 as an exempted company with limited liability under the Companies Law, Cap.22 of the Cayman Islands. The Company’s registered office address is, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the “Companies Ordinance”) on 5 September 2013 and the principal place of business in Hong Kong registered is at 19th Floor, Prosperity Tower, 39 Queen’s Road Central, Central, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the provision of electrical engineering services. 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”).

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
*Strike Electrical Engineering Pte Ltd (“Strike Singapore”)	Singapore	S\$1,510,000	100	—	Electrical works and general building engineering services
#Triple Treasure Global Limited	British Virgin Islands	US\$1	100	—	Investment holding
^Capital Asia Investment Limited	Hong Kong	HK\$1	—	100	Investment holding

* Statutory financial statements prepared in accordance with Singapore Financial Reporting Standards are audited by Ernst & Young LLP, Singapore

Newly incorporated on 15 December 2014 and exempted from statutory audit during the financial period

^ Newly incorporated on 10 February 2015 and exempted from statutory audit during the financial period and is a wholly-owned subsidiary of Triple Treasure Global Limited

2.1 BASIS OF PREPARATION

These 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. 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 for the year ended 30 June 2015. 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).

The financial statements of the subsidiaries are prepared for the same reporting period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27	<i>Investment Entities</i>
Amendments to IAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to IAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
Annual Improvements 2010–2012 Cycle	<i>Amendments to a number of IFRSs</i>
Annual Improvements 2011–2013 Cycle	<i>Amendments to a number of IFRSs</i>

2.3 IFRSs ISSUED BUT NOT YET EFFECTIVE

The Group has not applied the following IFRSs that have been issued but are not yet effective in the financial statements:

	Effective date (annual periods beginning on or after)
Amendments to IAS 16 and IAS 38: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to IFRS 11 <i>Joint Arrangement</i>	1 January 2016
IFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2017
IFRS 9 <i>Financial Instruments</i>	1 January 2018

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 the future periods.

4. REVENUE

Revenue, which is also the Group's turnover, represents an appropriate proportion of contract revenue of construction contracts; the net invoiced value of goods sold, after allowances for returns and trade discounts during the year.

	2015	2014
	S\$	S\$
Contract revenue	<u>11,826,488</u>	<u>22,628,298</u>

Information about major customers

There are 3 (2014: 2) customers from whom the individual revenue has amounted to more than 10% of the Group's revenue. Revenue from these customers amounted to approximately S\$6,119,000 (2014: S\$11,041,000), S\$2,904,000 (2014: S\$269,000) and S\$1,446,000 (2014: S\$9,423,000) respectively.

5. OTHER OPERATING INCOME

	2015	2014
	S\$	S\$
Foreign exchange differences	534,806	—
Bank interest income	34,671	7,296
Incentives from the Singapore Government	40,875	44,151
Others	3,600	—
	<u>613,952</u>	<u>51,447</u>

Incentives from the Singapore Government comprise Special Employment Credit, Wage Credit Scheme and Productivity and Innovation Credit Bonus. There are no unfulfilled conditions or contingencies relating to these incentives.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2015	2014
	S\$	S\$
Bank charges	<u>258</u>	<u>2,568</u>

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2015	2014
	S\$	S\$
(a) Auditors' remuneration	154,000	135,480
Depreciation of plant and equipment	90,071	41,217
Loss on plant and equipment written off	2,202	4,759
Loss on disposal of plant and equipment	10,036	—
Cost of services provided	8,192,581	13,515,642
Minimum lease payments under operating leases	330,580	293,468
Employee benefits (<i>note b</i>)	3,398,871	3,059,271
Legal and professional expense	206,329	102,164
Foreign exchange loss	—	135,938
Listing expenses	—	1,500,812
	<u>3,398,871</u>	<u>3,059,271</u>
(b) Employee benefits (including Directors' remuneration):		
— Directors' fees	85,000	37,917
— Salaries, wages and bonuses	3,125,375	2,841,298
— Central Provident Fund ("CPF") contributions	188,496	180,056
	<u>3,398,871</u>	<u>3,059,271</u>

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

(a) Executive Directors, non-executive Directors, independent non-executive Directors and the Chief Executive

Directors' and the Chief Executive's remuneration, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and Section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance, is as follows:

	2015	2014
	S\$	S\$
Fees	85,000	37,917
Other remuneration:		
— Salaries and bonuses	383,182	435,000
— CPF contributions	19,550	20,825
	<u>487,732</u>	<u>493,742</u>

(b) Five highest paid employees

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

	2015	2014
Directors (including Managing Director)	1	2
Non-director employees	4	3
	<u>5</u>	<u>5</u>

Details of the remuneration of the highest paid employees, who are neither a Director nor the Managing Director of the Company, are as follows:

	2015	2014
	S\$	S\$
Salaries and bonuses	498,200	283,150
CPF contributions	45,801	31,737
	<u>544,001</u>	<u>314,887</u>

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

	2015	2014
Nil to HK\$1,000,000	3	3
HK\$1,000,001 to HK\$1,500,000	1	—
	<u>4</u>	<u>3</u>

During the year, no emoluments (2014: 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 (2014: Nil) has waived any remuneration during the year.

9. INCOME TAX EXPENSE

The major components of income tax expense for the year are as follows:

	2015 S\$	2014 S\$
Current — Elsewhere:		
— Charge for the year	364,918	1,296,011
— Over-provision in respect of previous years	—	(16,783)
Deferred	<u>9,035</u>	<u>(3,190)</u>
Total tax charge for the year	<u><u>373,953</u></u>	<u><u>1,276,038</u></u>

Relationship between tax expense and accounting profit

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:

	Singapore		Cayman Islands		British Virgin Islands		Hong Kong		Total	
	S\$	%	S\$	%	S\$	%	S\$	%	S\$	%
Profit/(loss) before tax	<u>4,304,818</u>		<u>(29,333)</u>		<u>(18)</u>		<u>(14,063)</u>		<u>4,261,404</u>	
Taxation at statutory tax rate	731,819	17.0	—	—	—	—	(2,320)	16.5	729,499	17.1
Adjustments:										
Non-deductible expenses	31,612	0.7	—	—	—	—	2,320	(16.5)	33,932	0.8
Effects of partial tax exemption and tax relief	(98,171)	(2.3)	—	—	—	—	—	—	(98,171)	(2.3)
Share of results of joint ventures and associates	(295,557)	(6.8)	—	—	—	—	—	—	(295,557)	(6.9)
Others	<u>4,250</u>	<u>0.1</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,250</u>	<u>0.1</u>
Income tax expense recognised in profit or loss	<u><u>373,953</u></u>	<u>8.7</u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>373,953</u></u>	<u>8.8</u>
	Singapore		Cayman Islands		Cayman Islands		Total			
	S\$	%	S\$	%	S\$	%	S\$	%	S\$	%
Profit/(loss) before tax			<u>8,901,289</u>		<u>(1,877,982)</u>		<u>7,023,307</u>			
Taxation at statutory tax rate			1,513,219	17.0	—	—	1,513,219	21.5		
Adjustments:										
Non-deductible expenses			10,212	0.1	—	—	10,212	0.1		
Effects of partial tax exemption and tax relief			(73,192)	(0.8)	—	—	(73,192)	(1.0)		
Over-provision in respect of previous years			(16,783)	(0.2)	—	—	(16,783)	(0.2)		
Share of results of a joint venture and associates			<u>(157,418)</u>	<u>(1.8)</u>	<u>—</u>	<u>—</u>	<u>(157,418)</u>	<u>(2.2)</u>		
Income tax expense recognised in profit or loss			<u><u>1,276,038</u></u>	<u>14.3</u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>1,276,038</u></u>	<u>18.2</u>		

No Hong Kong profits tax has been provided (2014: Nil) since no assessable profit arose in Hong Kong during the year.

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 wholly to the profits of the subsidiary which were taxed at a statutory tax rate of 17% in Singapore.

The share of tax attributable to the joint ventures and associates amounting to S\$305,754 (2014: S\$74,304) is included in “share of results of joint ventures” and “share of results of associates” in the consolidated statement of profit or loss and other comprehensive income respectively.

10. EARNINGS PER SHARE

The weighted average number of equity shares refers to shares in issue during the year. It has been adjusted for the issuance of new ordinary shares and the sub-division of shares prior to the Listing as set out in note 20 to the financial statements. The basic earnings per share are based on the weighted average number of ordinary shares outstanding during the year.

The Group had no potentially dilutive ordinary shares (2014: Nil) in issue during the year.

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

	2015	2014
	S\$	S\$
Earnings		
Profit attributable to equity holders of the Company, used in the basic earnings per share calculation	3,887,451	5,747,269
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculations	640,000,000	576,000,000
Basic and diluted earnings per share (<i>S\$ cents</i>)	<u>0.61</u>	<u>1.00</u>

11. INTERESTS IN JOINT VENTURES

	2015	2014
	S\$	S\$
Unlisted shares, at cost	375,000	125,000
Share of post-acquisition reserves	<u>2,492,976</u>	<u>1,211,357</u>
Share of net assets	<u>2,867,976</u>	<u>1,336,357</u>

Particulars of the Group’s joint ventures are as follows:

Name	Place of registration and business	Percentage of			Principal activity
		Ownership interest	Voting power	Profit sharing	
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.

During the year, one of NEK’s shareholders disposed of its 25% equity interest to another existing shareholder who also held 25% equity interest in NEK before the disposal of shares. The existing shareholder’s equity interest increased to 50% whereas Strike Singapore’s equity interest remained unchanged at 50% after the disposal of shares. In the opinion of the directors, the investment in NEK became an investment in a joint venture after the disposal of shares as decisions about the relevant activities of NEK require the unanimous consent of both shareholders.

YL is considered a material joint venture of the Group. It is engaged in the electrical works and mixed construction activities and is accounted for using the equity method.

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

	2015 S\$	2014 S\$
Joint venture's assets and liabilities:		
Cash and cash equivalents	687,757	535,268
Other current assets	<u>5,415,346</u>	<u>2,647,816</u>
Current assets	<u>6,103,103</u>	<u>3,183,084</u>
Non-current assets	<u>1,824,662</u>	<u>713,586</u>
Financial liabilities, excluding trade and other payables	—	(369,764)
Other current liabilities	<u>(3,313,549)</u>	<u>(461,861)</u>
Current liabilities	<u>(3,313,594)</u>	<u>(831,625)</u>
Non-current liabilities	<u>(30,074)</u>	<u>(392,331)</u>
Net assets	<u><u>4,584,142</u></u>	<u><u>2,672,714</u></u>
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	<u><u>2,292,071</u></u>	<u><u>1,336,357</u></u>
Revenue	18,838,002	8,543,513
Profit and other comprehensive income for the year after charging:	2,941,428	999,860
— Depreciation	(130,248)	(63,776)
— Income tax expense	(524,777)	(88,462)
Dividend received*	<u><u>640,000</u></u>	<u><u>—</u></u>

* YL had declared and paid interim dividends amounting to S\$1,280,000 to its shareholders during the year of which Strike Singapore had received dividend amounting to S\$640,000 during the year.

NEK is considered a material joint venture of the Group. It is engaged in the electrical works and mixed construction activities and is accounted for using the equity method.

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

	2015 S\$	2014 S\$
Joint venture's assets and liabilities:		
Cash and cash equivalents	242,834	—
Other current assets	997,765	—
Current assets	<u>1,240,599</u>	—
Non-current assets	<u>191,041</u>	—
Financial liabilities, excluding trade and other payables	(8,574)	—
Other current liabilities	(216,633)	—
Current liabilities	<u>(225,207)</u>	—
Non-current financial liabilities, excluding trade and other payables	<u>(47,139)</u>	—
Non-current liabilities	<u>(7,484)</u>	—
Net assets	<u><u>1,151,810</u></u>	—
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	50%	—
Carrying amount of the investment	<u><u>575,905</u></u>	—
Revenue	1,248,969	—
*Profit and other comprehensive income for the year after charging:	94,082	—
— Income tax expense	(18,707)	—
#Dividend received	<u><u>25,000</u></u>	—

* The share of results of NEK for the current financial year is presented under the line “share of results of associates” in the statement of comprehensive income as the reclassification of NEK from an associate to a joint venture occurred in June 2015.

NEK had declared and paid an interim dividend amounting to S\$50,000 to its shareholders during the year of which Strike Singapore had received dividend amounting to S\$25,000 during the year.

12. INTERESTS IN ASSOCIATES

	2015 S\$	2014 S\$
Unlisted shares, at cost	100,000	200,000
Share of post-acquisition reserves	441,658	649,705
Share of net assets	<u><u>541,658</u></u>	<u><u>849,705</u></u>

Particulars of the principal associates are as follows:

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

The Group’s shareholdings in the associates all comprise equity shares held through a subsidiary, Strike Singapore.

During the year, one of NEK’s shareholders disposed of its 25% equity interest to another existing shareholder who also held 25% equity interest in NEK before the disposal of shares. The existing shareholder’s equity interest increased to 50% whereas Strike Singapore’s equity interest remained unchanged at 50% after the disposal of shares. In the opinion of the directors, the investment in NEK became an investment in a joint venture after the disposal of shares as decisions about the relevant activities of NEK require the unanimous consent of both shareholders.

NEK is considered a material associate of the Group. It is engaged in the electrical works and mixed construction activities and is accounted for using the equity method.

The following table illustrates the summarised financial information of NEK adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements:

	2015 S\$	2014 S\$
Current assets	—	2,458,453
Non-current assets	—	510,946
Current liabilities	—	(1,911,671)
Net assets	<u>—</u>	<u>1,057,728</u>
Reconciliation to the Group’s interest in the associate:		
Proportion of the Group’s interest in the associate	—	50%
Carrying amount of the investment	<u>—</u>	<u>528,864</u>
Revenue		3,641,891
Profit and other comprehensive income for the year	<u>—</u>	<u>478,956</u>

SRM is considered a material associate of the Group. It is engaged in the electrical works and mixed construction activities and is accounted for using the equity method.

The following table illustrates the summarised financial information of SRM adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements:

	2015 S\$	2014 S\$
Current assets	2,056,896	1,078,758
Non-current assets	156,689	795,978
Current liabilities	(1,107,300)	(41,093)
Non-current liabilities	(22,970)	(1,191,961)
Net assets	<u>1,083,315</u>	<u>641,682</u>
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	<u>541,658</u>	<u>320,841</u>
Revenue	7,814,034	6,455,317
Profit and other comprehensive income for the year	<u>441,633</u>	<u>373,162</u>

13. PLANT AND EQUIPMENT

	Computer S\$	Motor vehicles S\$	Office and site equipment S\$	Total S\$
Group				
Cost:				
At 1 July 2013	50,892	168,768	75,243	294,903
Additions	6,641	—	4,211	10,852
Write-off	(33,435)	—	(10,583)	(44,018)
At 30 June 2014 and 1 July 2014	24,098	168,768	68,871	261,737
Additions	8,801	354,492	36,692	399,985
Disposals	—	(35,267)	—	(35,267)
Write-off	—	(17,000)	(1,156)	(18,156)
At 30 June 2015	<u>32,899</u>	<u>470,993</u>	<u>104,407</u>	<u>608,299</u>
Accumulated depreciation:				
At 1 July 2013	40,440	99,842	24,155	164,437
Charge for the year	7,030	24,575	9,612	41,217
Write-off	(32,645)	—	(6,614)	(39,259)
At 30 June 2014 and 1 July 2014	14,825	124,417	27,153	166,395
Charge for the year	5,229	73,725	11,117	90,071
Disposals	—	(22,725)	—	(22,725)
Write-off	—	(15,111)	(843)	(15,954)
At 30 June 2015	<u>20,054</u>	<u>160,306</u>	<u>37,427</u>	<u>217,787</u>
Net carrying values:				
At 30 June 2015	<u>12,845</u>	<u>310,687</u>	<u>66,980</u>	<u>390,512</u>
At 30 June 2014	<u>9,273</u>	<u>44,351</u>	<u>41,718</u>	<u>95,342</u>

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

	2015	2014
	S\$	S\$
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	83,382,995	78,742,630
Less: Progress billings	<u>(80,918,999)</u>	<u>(76,098,445)</u>
	<u>2,463,996</u>	<u>2,644,185</u>
<i>Presented as:</i>		
Gross amount due from customers for contract work in progress	<u>2,463,996</u>	<u>2,644,185</u>

As at 30 June 2015 and 2014, there were no advances received from customers for contract work in progress.

15. INVENTORIES

	2015	2014
	S\$	S\$
Raw materials, at cost	<u>46,630</u>	<u>43,809</u>

Raw materials relate mainly to electrical cables, switchboards and light fittings.

16. TRADE AND OTHER RECEIVABLES

	2015	2014
	S\$	S\$
<i>Trade receivables (non-current):</i>		
Retention sum receivables	1,542,357	2,377,461
<i>Other receivables (non-current):</i>		
Advances to Staff	<u>80,000</u>	<u>—</u>
Total trade and other receivables (non-current)	<u>1,622,357</u>	<u>2,377,461</u>
<i>Trade receivables (current):</i>		
Third parties	714,679	655,856
Retention sum receivables	<u>954,957</u>	<u>894,977</u>
	<u>1,669,636</u>	<u>1,550,833</u>
<i>Other receivables (current):</i>		
Advances to staff	18,350	7,500
Deposits	<u>58,030</u>	<u>59,850</u>
	<u>76,380</u>	<u>67,350</u>
Total trade and other receivables (current)	<u>1,746,016</u>	<u>1,618,183</u>

Retention sum receivables refer to 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.

Advances to staff are unsecured and non-interest bearing. Non-current amounts have an average maturity of 2.5 years (2014: nil).

Trade receivables

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

	2015 S\$	2014 S\$
Less than 30 days	714,679	640,307
30 to 60 days	—	11,235
More than 61 days	—	4,314
	<u>714,679</u>	<u>655,856</u>

As at 30 June 2015 and 2014, 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:

	2015 S\$	2014 S\$
Neither past due nor impaired	714,679	640,307
Less than 30 days past due	—	11,235
More than 61 days past due	—	4,314
	<u>714,679</u>	<u>655,856</u>

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 experience, 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.

17. CASH AND CASH EQUIVALENTS

	2015 S\$	2014 S\$
Cash at banks and on hand	17,628,754	10,251,791
Short-term deposits	—	8,000,219
	<u>17,628,754</u>	<u>18,252,010</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits were made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earned interests at the respective short-term deposit rates.

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

	2015 S\$	2014 S\$
Hong Kong Dollars	<u>16,347,095</u>	<u>7,377,356</u>

18. TRADE AND OTHER PAYABLES

	2015 S\$	2014 S\$
<i>Trade payables:</i>		
Third parties	927,344	364,951
Amounts due to a related company	9,309	—
	<u>936,653</u>	<u>364,951</u>
<i>Accruals for project costs</i>	<u>2,477,899</u>	<u>5,923,320</u>
<i>Other payables:</i>		
Sundry payables	—	5,243
Accrued liabilities	379,462	321,366
GST payable	62,788	115,924
	<u>442,250</u>	<u>442,533</u>
Total	<u>3,856,802</u>	<u>6,730,804</u>

Accrued liabilities refer mainly to accrual for professional fees, trade purchases 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:

	2015 S\$	2014 S\$
<i>Trade payables:</i>		
Less than 90 days	936,439	364,951
More than 90 days and less than 180 days	214	—
	<u>936,653</u>	<u>364,951</u>

19. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at the end of each of the year relate to the following:

	2015 S\$	2014 S\$
Differences in depreciation for tax purposes	<u>25,243</u>	<u>16,208</u>

20. SHARE CAPITAL AND SHARE PREMIUM

Shares

	2015 S\$	2014 S\$
<i>Authorised:</i>		
5,000,000,000 (2014: 5,000,000,000) ordinary shares of HK\$0.01 each (2014: HK\$0.01 each)	<u>8,067,769</u>	<u>8,067,769</u>
<i>Issued and fully paid:</i>		
640,000,000 (2014: 640,000,000) ordinary shares of HK\$0.01 each (2014: HK\$0.01 each)	<u>1,048,880</u>	<u>1,048,880</u>

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

	<i>Notes</i>	Number of shares in issue	Issued share capital S\$	Share premium account S\$	Total S\$
At 1 July 2013		300,000	48,880	3,700,767	3,749,647
Subdivision of shares	(a)	29,700,000	—	—	—
Shares issued under the Capitalisation Issue	(b)	482,000,000	790,164	(790,164)	—
Issuance of share capital pursuant to IPO	(c)	128,000,000	209,836	10,281,967	10,491,803
Listing expenses taken against share premium		—	—	(825,596)	(825,596)
		<u>128,000,000</u>	<u>209,836</u>	<u>9,456,371</u>	<u>9,666,207</u>
At 30 June 2014, 1 July 2014 and 30 June 2015		<u>640,000,000</u>	<u>1,048,880</u>	<u>12,366,974</u>	<u>13,415,854</u>

Notes:

- (a) On 9 December 2013, each authorised and issued share with 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.
- (b) 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 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 shareholders whose names appeared on the register of members of the Company at 4:00 p.m. on 9 December 2013 (the "Capitalisation Issue").
- (c) In connection with the Company's IPO, 128,000,000 new shares and 32,000,000 existing shares of HK\$0.01 each were offered at a price of HK\$0.5 per share. Dealings in these shares on the Stock Exchange commenced on 30 December 2013.

21. RESERVES

Merger reserves

Merger reserves of the Group represent the capital contributions from the equity holders of the subsidiary, Strike Singapore. The Group acquired Strike Singapore during 2013 from Victrad which was an acquisition under common control and has been accounted for by applying the principle of merger accounting and the merger reserves have been debited for the purchase consideration for Strike Singapore.

22. RELATED PARTY TRANSACTIONS

(I) In addition to the related party information disclosed elsewhere in the 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:

	<i>Notes</i>	2015 S\$	2014 S\$
Sub-contractor fees charged by			
— joint ventures	(i)	1,344,343	5,005,149
— associates	(i)	4,300,895	6,376,616
Operating expenses recharged by the immediate and ultimate holding company	(ii)	—	6,425
Rental expense charged by			
— related company	(iii)	114,000	—
— immediate and ultimate holding company	(iii)	—	104,500
Secretarial fees charged to			
— joint ventures	(iv)	1,200	—
— associates	(iv)	2,400	—
Sales of materials charged by			
— joint ventures	(v)	3,415	—
Purchases of equipment and raw materials from a related company	(vi)	23,200	—

Notes:

- (i) During the year, Strike Singapore had subcontracted some electrical engineering works to the joint ventures and associates.
- (ii) Operating expenses recharged by the immediate and ultimate holding company mainly referred to the utilities and telephone charges for the office premises, and upkeep expense on the motor vehicles which was paid on behalf by Victrad.
- (iii) During the year, Victrad became a related company and a substantial shareholder, from an immediate and ultimate holding company. Rental expense was charged by Victrad with reference to the rates of other similar premises. Victrad being a substantial shareholder is a connected person of our Company. The rental expense paid to Victrad was less than HK\$3 million (approximately S\$523,000) and the percentage ratios mentioned in Rule 14.07 of the Listing Rules was less than 5%, therefore, it falls below the de minimal threshold under Rule 14A.76 of the Listing Rules and thus was not subject to any reporting, announcement or independent shareholders' approval requirements.
- (iv) During the year, Strike Singapore provided secretarial services to the joint ventures and associates.

- (v) During the year, Strike Singapore purchased materials from the joint ventures.
- (vi) During the year, Strike Singapore purchased materials and testing equipment from a related company of which a director of the related company is a Director and deemed substantial shareholder of the Company.

(II) Outstanding balances with a related company

Details of the Group's balances with the related company are disclosed in note 18 to the financial statements.

(III) Commitment with related parties

On 1 August 2013, Strike Singapore entered into a two-year agreement with Victrad, the substantial shareholder of the Company, for the lease of office premises. The lease was extended for another one year to 31 July 2016. The amount of total rental expense charged by Victrad for the year is included in note 22(I)(iii) to the financial statements. The total rental expenses payable to Victrad by the Group in the financial years ending 30 June 2016 and 2017 amount to S\$114,000 and S\$9,500, respectively. Victrad, being the substantial shareholder of the company, is a connected person of the Company. The rental expenses payable to Victrad was less than HK\$3 million (approximately S\$523,000) and the percentage ratios mentioned in Rule 14.07 of the Listing Rules was less than 5%, therefore, it falls below the de minimal threshold under Rule 14A.76 of the Listing Rules and thus was not subject to any reporting, announcement or independent shareholders' approval requirements.

(IV) Compensation of key management personnel of the Group

	2015 S\$	2014 S\$
Directors' fees	85,000	37,917
Salaries and bonuses	767,557	762,375
CPF contributions	<u>66,236</u>	<u>63,221</u>
	<u>918,793</u>	<u>863,513</u>
Comprise amounts paid to:		
Directors of the Company	487,732	493,742
Key management personnel	<u>431,061</u>	<u>369,771</u>
	<u>918,793</u>	<u>863,513</u>
Related parties		
Remuneration paid to close family members of key management personnel	<u>52,967</u>	<u>48,488</u>

23. OPERATING LEASE ARRANGEMENT

As a lessee:

The Group leases certain of its office properties and workers dormitory under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 2 years.

Future minimum rental payable under non-cancellable operating leases at the end of the year are as follows:

	2015 S\$	2014 S\$
Amount payable within a year	164,584	114,000
Amount payable within 2 to 5 years	<u>9,500</u>	<u>9,500</u>
	<u>174,084</u>	<u>123,500</u>

24. CONTINGENT LIABILITIES

At 30 June 2015, the contingent liabilities not provided for in the financial statements were as follows:

	2015	2014
	S\$	S\$
Guarantees:		
Security bonds to the Singapore Government in relation to foreign workers	<u>655,000</u>	<u>495,000</u>

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. 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 2015, the guarantees provided by the insurer was S\$655,000 (2014: S\$495,000).

BUSINESS REVIEW

The principle source of revenue of the Group was derived from its business in Singapore for the year ended 30 June 2015. The contract works undertaken by the Group are mainly electrical engineering works for public residential projects in Singapore. For the year ended 30 June 2015, the Group had completed 4 public residential projects and secured 4 new public residential projects amounting to approximately S\$33.1 million giving a total of 11 on-going projects for the Group (2014: 11 on-going projects).

Geographical information

The principal source of revenue of the Group was derived from its business in Singapore and accounted for 100% of the Group's total revenue for the year ended 30 June 2015 (2014: 100%).

Segment information

The Group is principally engaged in the provision of electrical engineering services, accounting for 100% of the Group's total revenue for the year ended 30 June 2015. The Group provides electrical engineering services mainly for new construction projects in public residential sector in Singapore, which made up approximately 99.2% of the total revenue for the year ended 30 June 2015 (2014: approximately 95.7%).

Financial information

	For the year ended 30 June		Increase/ (decrease)
	2015	2014	
	<i>Approximately</i> <i>(S\$'million)</i>	<i>Approximately</i> <i>(S\$'million)</i>	<i>Approximately</i>
Revenue	11.8	22.6	(47.8%)
Gross profit	3.6	9.1	(60.4%)
Gross margin	30.5%	40.3%	(9.8%)
Other operating income	0.6	0.1	N.M.
Share of results of joint ventures and associates	1.8	0.9	100%
Administrative and other operating expenses	(1.7)	(3.1)	(45.2%)
Income tax expense	(0.4)	(1.3)	(69.2%)
Effective tax rate	9.3%	18.6%	(9.3%)
Profit after tax	3.9	5.7	(31.6%)
Profit after tax margin	33.1%	25.2%	7.9%

N.M. Not meaningful

1. Revenue, gross profit and gross margin

The Group's revenue was recognised based on the stage of completion of the projects. The decrease in revenue was primarily attributable to fewer projects with significant percentage of completion recognised for the year and a slowdown on worksite schedule for newly secured projects. The Group's gross profit decreased substantially was mainly due to the decline in revenue and partly to the projects undertaken for the year recorded lower gross margin, therefore,

the Group's gross margin reported a drop for the year. Gross margin may vary from each individual project depending of the scale, complexity, specifications, timing and capacity to manage a project.

2. *Other operating income*

The Group's other operating income comprises unrealised foreign exchange differences, bank interests received and government incentives. Major increase was attributable mainly to the unrealised exchange gain arising from the strengthening of Hong Kong Dollar against Singapore Dollar for the bank balances denominated in Hong Kong Dollar as at 30 June 2015 and the remaining was due to the increase in bank interests received.

3. *Share of results of joint ventures and associates*

An increase in share of results of joint ventures and associates was contributed by a joint venture YL due to the increase in number of projects that YL had secured and performed for the year. The associates had secured and performed fewer projects for the year.

4. *Administrative and other operating expenses*

The Group's administrative and other operating expenses comprised professional fee, office rental, travelling expenses and employee benefits. The decrease was mainly due to the one-off listing expenses incurred in prior year.

5. *Income tax expenses and effective tax rate*

The Group has incurred lower income tax expense for the year due to lower taxable profit and higher share of results of joint ventures and associates which were non-taxable in nature. Effective tax rate was lower due to lesser non-tax deductible expenses and higher proportion of the share of results of joint ventures and associates for the year.

6. *Profit after tax and margin*

The decrease of the Group's profit after tax was mainly due to the decrease of gross profit during the year. However, the Group's profit after tax margin has improved as compared to prior year, which was attributable to (i) an increase in other operating income, (ii) an improved contribution from a joint venture, (iii) a reduction of administrative and other operating expense, and (iv) a lower income tax expense for the year.

7. *Liquidity and capital resources*

The Group's business operations depend on the sufficiency of working capital and effective project cost management. The source of funds for the operations mainly derived from internal fund and cash generated from operating activities. As of 30 June 2015, the Group had cash and bank balances amounted to approximately S\$17.6 million of which approximately 93% was denominated in Hong Kong Dollar and 7% was denominated in Singapore Dollar (2014: approximately S\$18.3 million, of which 40% was denominated in Hong Kong Dollar and 60% was denominated in Singapore dollar).

Our primary uses of cash are for payment to suppliers, subcontractors and working capital needs. The table below illustrated the net decrease in cash and cash balances of approximately S\$0.7 million.

	For the year ended 30 June		
	2015	2014	Increase/ (decrease)
	<i>Approximately (S\$'million)</i>	<i>Approximately (S\$'million)</i>	<i>Approximately (S\$'million)</i>
Net cash flows (used in)/generated from operating activities	(1.3)	1.3	(2.6)
Net cash flows generated from/(used in) investing activities	0.1	(0.0)	0.1
Net cash flows generated from financing activities	—	9.7	(9.7)
Net increase/(decrease) in cash and cash equivalents	(1.2)	11.0	(12.2)
Effects of currency translation on cash and cash equivalents	0.5	—	0.5
Cash and cash equivalents at the beginning of the year	18.3	7.3	11.0
Cash and cash equivalents at the end of the year	17.6	18.3	(0.7)

The Group's net cash flows used in operating activities was mainly due to lower cash generated from operations and payment of prior year income tax expense amounted to approximately S\$1.3 million.

The Group's net cash flows generated from investing activities increased by approximately S\$0.1 million for the year which was attributable to dividends received from the joint venture amounted to approximately S\$0.7 million and partially offset by (i) subscription of additional paid-up capital of approximately S\$0.2 million in a joint venture and an associate in order to maintain the Group's existing shareholding percentage in these entities; and (ii) approximately S\$0.4 million used in purchased of new commercial vehicles for the replacement of the retired vehicles for workers and materials.

The Group did not carry out any financing activity during the year. The decrease in net cash flows generated from financing activities was due to the cash inflows from initial public offerings ("IPO") net proceeds received in prior year.

The effects of currency translation on cash and cash equivalents relates to unrealised exchange gain of cash and cash equivalents denominated in Hong Kong Dollar under other operating income.

The Group did not have any bank borrowings for the year ended 30 June 2015, therefore no gearing ratio was reported (2014: Nil).

For the year ended 30 June 2015 and 2014, the Group did not employ any material financial instruments for hedging purposes.

8. *Net current assets*

The Group's net current assets have increased by approximately S\$3.1 million from approximately S\$14.6 million as at 30 June 2014 to approximately S\$17.7 million as at 30 June 2015. The increase in net current assets was attributable to (i) the decrease in income tax expense payable by approximately S\$0.9 million as a result of a lower provision made for current year income tax expense; (ii) decrease in trade and other payables by approximately S\$2.9 million due to the completion of projects which reduced the projects accrued costs; that are partly offset by the decrease in cash and bank balances of approximately of S\$0.7 million used for general working capital.

9. *Average trade receivable and payable turnover*

	2015 <i>Approximately</i> (Days)	2014 <i>Approximately</i> (Days)	Increase <i>Approximately</i> (Days)
Average trade receivable turnover (<i>note 1</i>)	110	64	46
Average trade payable turnover (<i>note 2</i>)	75	51	24

Notes:

1. Average trade receivable turnover = average trade receivables (average of its opening and closing balances)/ revenue for the year X 365 days
2. Average trade payable turnover = average trade payables (average of its opening and closing balances)/ purchases for the year X 365 days.

The project team monitors the collection from customers on monthly basis by submitting the monthly progress claim. For the year ended 30 June 2015, the collection days was longer mainly due to the retention monies for completed projects and billings raised to the customers toward the year end.

The Group always maintain a good and prompt payment relationship with the suppliers to achieve overall benefit for the on-going and future purchase pricing. For the year ended 30 June 2015, the average trade payable turnover days was longer mainly due to higher purchases relating to site materials to meet the project's schedule and progress towards the year end.

10. *Significant investment, material acquisitions and disposal of subsidiaries and associated companies*

Save as disclosed in notes 1, 11 and 12 to the financial statements, there was no significant investment, material acquisition or disposal of subsidiaries, joint ventures and associates by the Company during the financial year.

11. *Charges on assets*

As at 30 June 2015, there are no charges on the Group's assets (2014: Nil).

12. Capital expenditures

For the year ended 30 June 2015, the Group purchased plant and machinery of approximately S\$400,000 (2014: approximately S\$11,000) of new commercial vehicles for the replacement of the retired vehicles for workers and materials.

13. Contingent liabilities

Save as disclosed in note 24 to the financial statements, the Group had no other contingent liabilities as at 30 June 2015.

14. Foreign exchange risk

Since the Group's business mainly operates in Singapore, most of the revenue and transactions arising from its operations were settled in Singapore Dollar. 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 year ended 30 June 2015.

The Group's cash and cash equivalents at the end of the year had foreign exchange exposures.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in Hong Kong Dollar exchange rates (against Singapore Dollar), with all other variables held constant, on the Group's profit/(loss) for the year:

		2015	2014
		S\$	S\$
Hong Kong Dollar	— strengthened 5% (2014: 5%)	817,355	368,868
	— weakened 5% (2014: 5%)	<u>(817,355)</u>	<u>(368,868)</u>

15. Employees and remuneration policy

As at 30 June 2015, the Group had 167 employees (2014: 127 employees). 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. The Group provides adequate job training to employees to equip them with practical knowledge and skills.

PARTICULARS OF IMPORTANT EVENTS

There are no important events affecting the Company that have occurred since the end of the financial year.

FUTURE DEVELOPMENT IN THE GROUP'S BUSINESS

Looking ahead, the Group will continue to drive our core business in providing electrical engineering services to public housing projects in Singapore. Meanwhile, the Group is ever ready to look into potential ventures for its long term growth when there is an opportunity to venture into diversified, profitable and sustainable growth areas.

EVENTS AFTER THE REPORTING PERIOD

There is no significant event of the Group which took place after the reporting period.

USE OF NET PROCEEDS FROM THE IPO

The aggregate net proceeds from the IPO (after deducting underwriting fees and expenses in connection with the Listing) amounted to approximately S\$7.9 million. A balance of approximately S\$3.1 million remained unutilised as at 30 June 2015. During the year, the proceeds has been utilised in accordance with the intended purpose as stated in the Company's prospectus dated 16 December 2013.

Intended applications	Estimated net proceeds as per Company's prospectus and actual net proceeds <i>(approximately S\$' million)</i>	Balance as at 30 June 2014 <i>(approximately S\$' million)</i>	Amount utilised during the year <i>(approximately S\$' million)</i>	Balance as at 30 June 2015 <i>(approximately S\$' million)</i>
Purchase of materials	4.2	3.6	(2.3)	1.3
Expand workforce	1.3	1.1	(0.8)	0.3
Capital contribution to joint venture and associates	0.8	0.8	(0.1)	0.7
Expand our market share	0.8	0.8	—	0.8
Working capital	0.8	0.2	(0.2)	—
	<u>7.9</u>	<u>6.5</u>	<u>(3.4)</u>	<u>3.1</u>

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the requirements of the code provisions of the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") contained in appendix 14 to the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). To the best knowledge and belief of the Directors, the Company has complied with all applicable code provisions of the Corporate Governance Code throughout the financial year ended 30 June 2015, save and except for the deviations from code provisions C.1.2.

Under code provision C.1.2 of the Corporate Governance Code, management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties. Taking into account the business nature of the Group that (i) the Company has no business activities other than the administrative expenses mainly relates to statutory fees; and (ii) the operating subsidiary of the Company closes its accounts on quarterly basis, the management of the Company provided half yearly updates to all members of the Board during the financial year ended 30 June 2015. The management of the Company is reviewing the current practice and is intending to comply with this code provision in future.

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 ("Model Code") as the code of practice for carrying out securities transactions by the Directors.

Having made specific enquiry of all Directors, 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 2015.

Audit Committee and Review of Financial Information

The Company has established an audit committee with written terms of reference in compliance with the Listing Rules, particularly the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The current members of the Audit Committee comprise three independent non-executive Directors, namely Ms Wong Siew Chuan (Chairperson), Mr Ng Tiow Swee and Mr Ng Wai Hung. For the financial year ended 30 June 2015, the Audit Committee held two meetings to review with external auditor and senior management the interim and annual results of the Group as well as the accounting principles and practices being adopted and financial reporting matters.

INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in related party transactions of note 22 to the financial statements, no Directors or any controlling shareholders had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the year ended 30 June 2015.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or any of their respective associates is interested in any business that competes with or is likely to compete, either directly or indirectly, with the businesses of the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities for the financial year ended 30 June 2015.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the financial year ended 30 June 2015 will be held on Friday, 13 November 2015. A circular containing the notice of convening the annual general meeting and the form of proxy will be issued and despatched to the Shareholders of the Company together with the annual report in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to determine entitlement of the Shareholders with regards to the right to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Wednesday, 11 November 2015 to Friday, 13 November 2015, both days inclusive, during which period no share transfer will be effected. All share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in

Hong Kong, Union Registrars Limited, at A18/F, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 10 November 2015.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company (www.kingbostrike.com) and the Stock Exchange (www.hkexnews.hk).

The Company's annual report for the year ended 30 June 2015 will be despatched to shareholders of the Company and will be published on the above websites in due course.

On behalf of the Board
Kingbo Strike Limited
Peng Rongwu
Chairman and Executive Director

Hong Kong, 22 September 2015

As at the date of this announcement, the Board consists of two executive Directors, Mr. Peng Rongwu and Mr. Yeo Jiew Yew, one non-executive Director, Mr. Tam Tak Wah and three independent non-executive Directors, Mr. Ng Tiow Swee, Ms. Wong Siew Chuan and Mr. Ng Wai Hung.