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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 FINANCIAL YEAR ENDED 30 JUNE 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Kingbo Strike Limited (the “**Company**”) presents the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 30 June 2022, together with comparative figures for the year ended 30 June 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
REVENUE	4	211,606	380,146
Cost of sales		(189,112)	(342,390)
Gross profit		22,494	37,756
Other losses and gains, net	5	(1,052)	5,155
Administrative expenses		(28,888)	(27,910)
Change in fair value of financial assets at fair value through profit or loss, net	6(c)	(3,322)	(6,255)
Allowance for expected credit loss (“ ECL ”) recognised in respect of financial assets at amortised cost, net		(20,812)	(17,921)
Impairment loss recognised in respect of goodwill		–	(10,107)
Finance costs		(144)	(137)
Other operating expenses		(712)	(692)
LOSS BEFORE TAXATION	6	(32,436)	(20,111)
Taxation	7	(19,337)	(8,018)
LOSS FOR THE YEAR		(51,773)	(28,129)

* *For identification purposes only*

	<i>Note</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
ATTRIBUTABLE TO:			
Owners of the Company		(44,005)	(30,142)
Non-controlling interests		(7,768)	2,013
		<u>(51,773)</u>	<u>(28,129)</u>
LOSS FOR THE YEAR		<u>(51,773)</u>	<u>(28,129)</u>
OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(6,446)</u>	24,850
Other comprehensive (loss) income for the year, net of income tax		<u>(6,446)</u>	24,850
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(58,219)</u>	<u>(3,279)</u>
ATTRIBUTABLE TO:			
Owners of the Company		(50,549)	(12,064)
Non-controlling interests		(7,670)	8,785
		<u>(58,219)</u>	<u>(3,279)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (HK cents)	8	<u>(3.17)</u>	<u>(2.17)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Plant and equipment		309	165
Right-of-use asset		904	1,105
Total non-current assets		1,213	1,270
CURRENT ASSETS			
Inventories		–	20
Trade receivables, deposits and other receivables	9	199,933	306,848
Contract assets	10	17,288	13,534
Loan receivables	11	–	20,000
Prepayments	12	48,600	2,538
Financial assets at fair value through profit or loss		3,407	6,834
Cash and cash equivalents		38,810	75,083
Total current assets		308,038	424,857
CURRENT LIABILITIES			
Income tax payable		15,608	27,583
Trade and other payables	13	45,730	53,187
Lease liabilities		717	1,026
Total current liabilities		62,055	81,796
NET CURRENT ASSETS		245,983	343,061
TOTAL ASSETS LESS CURRENT LIABILITIES		247,196	344,331

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
NON-CURRENT LIABILITY		
Lease liabilities	<u>1,110</u>	–
Total non-current liability	<u>1,110</u>	–
NET ASSETS	<u>246,086</u>	<u>344,331</u>
EQUITY		
Share capital	13,903	13,903
Reserves	<u>211,937</u>	<u>262,486</u>
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	225,840	276,389
Non-controlling interests	<u>20,246</u>	<u>67,942</u>
Total equity	<u>246,086</u>	<u>344,331</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Kingbo Strike Limited (the “**Company**”) was incorporated in the Cayman Islands on 19 June 2013 as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The Company’s registered office address is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company is registered with the Companies Registry in Hong Kong as a non-Hong Kong company under the Companies Ordinance (Chapter 622 of the laws of Hong Kong) on 5 September 2013 and the principal place of business in Hong Kong registered is at Unit 1202, 12th Floor, Mirror Tower, No. 61 Mody Road, Tsim Sha Tsui East, Hong Kong.

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

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. All values are rounded to nearest thousand (HK\$’000) except otherwise indicated.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with international financial reporting standards (“**IFRSs**”), which include all international financial reporting standards, international accounting standards (“**IASs**”) and interpretations issued by the international accounting standards board (the “**IASB**”) and the disclosure requirements of the Hong Kong companies ordinance.

They have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss which have been measured at fair value at the end of each reporting period.

Basis of consolidation

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 July 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 9, IAS 39,
IFRS 7, IFRS 4 and IFRS 16

Interest Rate Benchmark Reform – Phase 2

Amendments to IFRS 16

COVID-19-Related Rent Concession beyond 30 June 2021

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

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to IFRS 3	Reference to the Conceptual Framework ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

The Directors anticipate that the application of the new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services has three reportable operating segments as follows:

- (a) supply and installation of solar photovoltaic parts and equipment (the “**Solar power business**”);
- (b) provision of electrical distribution system (“**Electrical distribution system business**”); and
- (c) provision of electrical engineering services (the “**Engineering services**”).

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

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

There were no inter-segment sales in the two financial years ended 30 June 2022 and 30 June 2021.

Segment assets exclude unallocated head office and corporate assets such as certain of plant and equipment, financial assets at fair value through profit or loss, certain prepayments, deposits and other receivables, loan receivables and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities such as certain of other payables and lease liabilities as these liabilities were managed on a group basis.

Year ended 30 June 2022	Solar power business HK\$’000	Electrical distribution system business HK\$’000	Engineering services HK\$’000	Total HK\$’000
Segment revenue:				
Sales to external customers	<u>56,845</u>	<u>153,623</u>	<u>1,138</u>	<u>211,606</u>
Segment results:	5,633	(9,705)	(9,400)	(13,472)
Unallocated losses				(1,826)
Corporate and other unallocated expenses				<u>(17,138)</u>
Loss before tax				<u>(32,436)</u>

3. SEGMENT INFORMATION (CONTINUED)

Year ended 30 June 2021	Solar power business <i>HK\$'000</i>	Electrical distribution system business <i>HK\$'000</i>	Engineering services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:				
Sales to external customers	<u>165,230</u>	<u>210,601</u>	<u>4,315</u>	<u>380,146</u>
Segment results:	(4,087)	6,878	(1,205)	1,586
Unallocated losses				(2,383)
Corporate and other unallocated expenses				<u>(19,314)</u>
Loss before tax				<u>(20,111)</u>
Geographical information				
<i>Revenue from external customers</i>				
		2022		2021
		<i>HK\$'000</i>		<i>HK\$'000</i>
The PRC		210,468		375,831
Singapore		<u>1,138</u>		<u>4,315</u>
		<u>211,606</u>		<u>380,146</u>

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

4. REVENUE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers		
At a point in time:		
– Supply of solar photovoltaic parts and equipment	32,855	100,676
– Provision of electrical distribution system	153,623	210,601
Over time:		
– Contract revenue from provision of electrical engineering services	1,138	4,315
– Installation of solar photovoltaic parts and equipment	23,990	64,554
	<u>211,606</u>	<u>380,146</u>

5. OTHER LOSSES AND GAINS, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Foreign exchange (loss) gain	(643)	478
Impairment loss recognised in respect of right-of-use asset	(905)	–
Impairment loss recognised in respect of plant and equipment	(231)	–
Bank interest income	82	56
Incentives from the Singapore Government (<i>Note (a)</i>)	10	37
Gain on disposal of plant and equipment	46	18
Jobs Support Scheme (<i>Note (b)</i>)	–	1,154
Employment support scheme (<i>Note (c)</i>)	141	324
Loan interest income	396	3,030
Others	52	58
	<u>(1,052)</u>	<u>5,155</u>

Note:

- (a) Incentives from the Singapore Government comprise special employment credit, temporary employment credit and wages credit scheme. There are no unfulfilled conditions or contingencies relating to these incentives.
- (b) Jobs Support Scheme (JSS) was announced in the Singapore Government's budget statement, which was presented against a backdrop of the on-going COVID-19 outbreak, for financial year 2020. JSS provides wage support to employers, helping enterprises retain their local employees (Singapore citizens and permanent residents in Singapore) during this period of economic uncertainty. No JSS has been recognised during 2022.
- (c) An amount of HK\$141,000 (2021: HK\$324,000) represents COVID-19 related subsidies in respect of the Employment Support Scheme provided by the Hong Kong Government.

6. LOSS BEFORE TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(a) Cost of sales	189,112	342,390
Auditors' remuneration		
– Audit service	810	1,000
– Non audit service	100	120
Depreciation of plant and equipment	198	346
Depreciation of right-of-use asset	1,467	1,474
Expenses relating on short-term leases	960	697
Legal and professional expenses	1,717	1,517
Employee benefits (Refer to (b) below)	17,193	16,686
Net fair value loss on financial assets at fair value through profit or loss (“FVTPL”) (Refer to (c) below)	3,322	6,255
	<hr/>	<hr/>
(b) Employee benefits (including Directors' remuneration)		
– Directors' fee	3,144	2,268
– Salaries, wages and bonuses	13,506	13,989
– Pension scheme	543	429
	<hr/>	<hr/>
	17,193	16,686
	<hr/>	<hr/>
(c) Net fair value loss on financial assets at FVTPL:		
– Unrealised loss on fair value of financial assets at FVTPL	3,293	6,255
– Realised loss on fair value of financial assets at FVTPL	29	–
	<hr/>	<hr/>
	3,322	6,255
	<hr/>	<hr/>

7. INCOME TAX EXPENSE

The Company's profit is not subject to any tax in its country of incorporation, the Cayman Islands. Income tax expense for the Group relates mainly to the assessable profits arising in Hong Kong subject to 8.25%/16.5% (if applicable) tax rate in Hong Kong, profits of subsidiary in Singapore which is taxed at a statutory tax rate of 17% and corporate income tax which has been provided for subsidiaries in the PRC based on assessable profits arising in the PRC during the year. Subsidiaries located in the PRC are subject to the PRC corporate income tax at a rate 25% on its assessable profits. Withholding tax was provided for dividend distributed and undistributed profits of certain subsidiaries in the Mainland China at a rate of 10% (2021: 10%).

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current – Singapore		
– Over provision in respect of prior year	(97)	(97)
Current – the PRC		
– Charge for the year	6,029	7,866
– Dividend withholding tax	13,405	–
Current – Hong Kong and others		
– Charge for the year	–	152
Deferred		
– Origination and reversal of temporary differences	–	97
	<u>19,337</u>	<u>8,018</u>
Total tax charge for year		

The tax rate for Singapore subsidiary is based on Singapore corporate income tax (“CIT”) rate at 17% for both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rate regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%.

Accordingly, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

8. LOSS PER SHARE

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

The calculation of basic loss per share is based on:

	2022	2021
Loss		
Loss attributable to equity holders of the parent, used in the basic loss per share calculation HK\$'000	(44,005)	(30,142)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation (in thousand)	1,390,280	1,390,280
Basic loss per share (HK cents)	<u>(3.17)</u>	<u>(2.17)</u>

Basic loss per share is the same as diluted loss per share, as the Group had no potentially dilutive ordinary shares (2021: Nil) in issue during the year.

9. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
<i>Trade receivables:</i>		
Third parties		
– Gross amount	246,049	335,201
– Less: allowance for ECL	(48,016)	(32,753)
	<u>198,033</u>	<u>302,448</u>
<i>Deposits and other receivables:</i>		
Interest receivables	–	1,603
Deposits	1,371	1,628
Others	529	1,169
	<u>1,900</u>	<u>4,400</u>
Total trade receivables, deposits and other receivables	<u>199,933</u>	<u>306,848</u>

9. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

Trade receivables

Trade receivables are non-interest bearing and are generally on terms of 180 to 360 days.

An aging analysis of the trade receivables as at the end of the year, based on the invoice date/delivery date (net of allowance for ECL), is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Less than 30 days	2,832	108,512
30 to 60 days	23,427	46,662
61 to 90 days	23,131	–
91 to 180 days	–	67,704
181 to 365 days	123,107	79,570
Over 365 days	25,536	–
	<u>198,033</u>	<u>302,448</u>

Trade receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. The Group does not hold any collateral or other credit enhancements over these balances.

10. CONTRACT ASSETS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contract assets (<i>Note (a)</i>)	19,238	14,495
Less: allowance for ECL (<i>Note (b)</i>)	<u>(1,950)</u>	<u>(961)</u>
	<u>17,288</u>	<u>13,534</u>

As at 1 July 2020, contract assets amounted to HK\$10,956,000.

Notes:

- (a) Contract assets primarily relate to the subsidiaries, i) Strike Singapore rights to consideration for work completed but not yet billed at reporting date of HK\$4,589,000; ii) retention receivable of provision of electrical distribution system of HK\$11,299,000 (2021: HK\$6,858,000); and iii) retention receivable of installation of solar photovoltaic parts of HK\$3,349,000 (2021: HK\$1,714,000). Contract assets of HK\$1,334,000 (2021: HK\$4,315,000) are transferred to receivables when the rights become unconditional.
- (b) Net allowance for ECL of approximately HK\$1,026,000 (2021: allowance for ECL approximately HK\$736,000) was recognised in profit or loss during the year ended 30 June 2022.

11. LOAN RECEIVABLES

Loan receivables as at 30 June 2021 represents four loans granted to three independent third party individuals, on which i) loan principal amount HK\$9,000,000 was subsequently settled on 2 July 2021; ii) loan principal amount of HK\$4,000,000 was subsequently settled on 6 July 2021; iii) maturity date of loan principal amount of HK\$4,500,000 was extended to 30 November 2021 and carried at interest rate of 11% on which HK\$3,000,000 was subsequently settled on 20 August 2021; and iv) maturity date of loan principal amount of HK\$2,500,000 was extended to 30 November 2021 and carried at interest rate of 11%.

Those loans were fully settled during the financial year ended 30 June 2022.

Loan receivables have been reviewed by the management of the Group for impairment assessment, which are based on the calculation of collectability and management judgement including current creditworthiness and the post statistics of the loan portfolio.

12. PREPAYMENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Prepayments (<i>Note</i>)	<u>48,600</u>	<u>2,538</u>

Note: As at 30 June 2022, included in the prepayments are mainly representing of approximately HK\$40,927,000 (2021: approximately HK\$1,896,000) for prepayment to supplier for photovoltaics parts and equipment and approximately HK\$7,362,000 (2021: Nil) for prepayment to electrical distribution system. Up to the date of this announcement, HK\$48,289,000 has been subsequently utilised.

13. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Trade payables:</i>		
Third parties	<u>10,116</u>	<u>26,343</u>
Accruals for project costs (<i>Note (a)</i>)	<u>194</u>	<u>2,003</u>
<i>Other payables:</i>		
Accrued liabilities (<i>Note (b)</i>)	4,674	9,888
GST/VAT and other tax payables	27,192	11,801
Warranty provision (<i>Note (c)</i>)	1,513	2,208
Others	<u>2,041</u>	<u>944</u>
	<u>35,420</u>	<u>24,841</u>
Total	<u>45,730</u>	<u>53,187</u>

Notes:

- (a) The amount represents the accrued project costs for the provision of electrical engineering services.
- (b) Accrued liabilities refer mainly to accrual for professional fees and employee benefits.
- (c) The Group has adopted the estimation where the warranty obligation is the equivalent of 1% of revenues of provision of electrical distribution system, which is consistent with the practice of the relevant industry. The accrual basis stays at 1% based on the best estimation, the Group derives its estimates from results from historical data and other assumptions that the Group believes to be reasonable under the circumstances.

Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on terms of 30 to 90 days.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Less than 90 days	8,406	26,343
91 to 180 days	<u>1,710</u>	<u>–</u>
	<u>10,116</u>	<u>26,343</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the financial year ended 30 June 2022, the performance of the Group in different business segments were as follows:

Solar Power Business

The Group's solar power business mainly engaged in supply and installation of solar PV parts and equipment. The Group has recognised a revenue of approximately RMB47.9 million (equivalent to approximately HK\$56.8 million) from the solar power business for the financial year ended 30 June 2022, which is at a lower revenue level compared to the financial year ended 30 June 2021 of approximately RMB144.2 million (equivalent to approximately HK\$165.2 million).

Electrical Distribution System

The Group's electrical distribution system business refers to supply and installation of electrical distribution system (this include distribution board, junction box, cables and switches etc). The Group had recognised a revenue of approximately RMB129.5 million (equivalent to approximately HK\$153.6 million) for the financial year ended 30 June 2022, this results in a decrease compared to a revenue of approximately RMB183.8 million (equivalent to approximately HK\$210.6 million) for the financial year ended 30 June 2021.

Electrical Engineering Services

For the financial year ended 30 June 2022, the electrical engineering services in Singapore recorded a minimal revenue of approximately S\$0.2 million (equivalent to HK\$1.1 million), compare to the S\$0.8 million (equivalent to HK\$4.3 million) revenue for the financial year ended 30 June 2021.

Under the recent market condition (lower activities in overall Singapore construction business), the Group had adopted a conservative approach in the submission of new tender, hence the Group did not secure new projects in the financial year ended 30 June 2022. As at 30 June 2022 and 30 June 2021, the Group had no outstanding contracts on hand.

BUSINESS PROSPECT

Due to the policies of the PRC government in relation to solar power business in the PRC, which promote grid parity and focus on construction of large scale photovoltaic power generation bases, this exert continuous pressure on contract volume on the Group solar power business. At the same time, a healthy income stream from the electrical distribution system business during the year support the decline in the solar power business. Nonetheless, the Company remains confident in the business recovery in the PRC over a longer period after certain market consolidation.

In addition, the Board is closely monitoring the development and impact of the continued outbreak of COVID-19 to the Group from time to time and formulating responses accordingly.

Looking ahead, the Group will continue to sustain its principal businesses and make solid efforts in seeking for good business opportunities so as to enhance the value of the shareholders of the Company.

FINANCIAL REVIEW

The Group's revenue decreased by 44.3% from approximately HK\$380.1 million for the financial year ended 30 June 2021 to approximately HK\$211.6 million for the financial year ended 30 June 2022. Loss attributable to owners of the Company and loss per share attributable to ordinary equity holders of the Company for the financial year ended 30 June 2022 amounted to approximately HK\$44.0 million and HK\$3.17 cents respectively, compared to approximately HK\$30.1 million and HK\$2.17 cent respectively for the financial year ended 30 June 2021.

Financial Results

Revenue

For the financial year ended 30 June 2022, revenue of the Group comprises of revenue generated from the following three business segment of the Group:

Solar Power Business

The Group has recognised a revenue of approximately HK\$56.8 million from the solar power business for the financial year ended 30 June 2022, a decrease of 65.6% compared to approximately HK\$165.2 million from that of last year.

Electrical Distribution System

The Group's electrical distribution system business has contributed a full year revenue of approximately HK\$153.6 million for the financial year ended 30 June 2022, a decrease of 27.1% compared to approximately HK\$210.6 million for the financial year ended 30 June 2021.

Electrical Engineering Services

For the financial year ended 30 June 2022, this business segment recorded a minimal revenue of approximately HK\$1.1 million (2021: HK\$4.3 million). This is mainly attributable to the lack of new project secured during the year, as a result to the adoption of conservative approach by the Group in submission of new tender under the recent market condition.

Operating Results

Gross profit margin of the Group slightly increased by 0.7% from 9.9% for the financial year ended 30 June 2021 to 10.6% for the financial year ended 30 June 2022. This is attributable to the relatively stable gross profit margin in solar power business and electrical distribution system business.

The operating results of the Group has recorded an increase of loss from approximately HK\$30.1 million for the financial year ended 30 June 2021 to approximately HK\$44.0 million for the financial year ended 30 June 2022. This change is primarily attributable to the decrease in gross profit from approximately HK\$37.8 million to approximately HK\$22.5 million, and increase in expected credit loss recognised in respect of financial assets at amortised cost from approximately HK\$17.9 million to approximately HK\$20.8 million.

Other Gains and Losses, Net

Other gains and losses had decreased from a net gain of approximately HK\$5.2 million for the year ended 30 June 2021 to a net loss of approximately HK\$1.1 million for the financial year ended 30 June 2022. It was mainly due to the impairment loss recognised in respect of right of use asset and plant and equipment of approximately HK\$1.1 million and decrease in loan interest income of approximately HK\$2.6 million.

Change in Fair Value of Financial Assets at Fair Value through Profit or Loss, net

The decrease in the loss in fair value of financial assets is attributable to the decrease in fair value loss on financial assets at fair value through profit or loss by 46.9% to approximately HK\$3.3 million for the year ended 30 June 2022 (2021: HK\$6.3 million).

Administrative Expenses

Administrative expenses for the financial year ended 30 June 2022 increased by 3.5% to approximately HK\$28.9 million (2021: HK\$27.9 million).

Other Operating Expenses

Other operating expenses of the Group has remained stable at approximately HK\$0.7 million for the year ended 30 June 2022 (2021: HK\$0.7 million).

Impairment Loss Recognised in respect of Goodwill

In light of the cash flow projections of the solar power business, the value of the goodwill in relation to the solar power business as at 30 June 2021 was determined to be negligible, taking into account the valuation performed by an independent professional valuer. Accordingly, an impairment loss of approximately HK\$10.1 million was recognised for the financial year ended 30 June 2021.

No impairment loss in goodwill is noted for the financial year ended 30 June 2022.

Income Tax Expense

Income tax expense increased by 141.3% from approximately HK\$8.0 million for the financial year ended 30 June 2021 to approximately HK\$19.3 million for the financial year ended 30 June 2022. This is primarily attributable to the increase in the provision of withholding tax in the PRC during the year of approximately HK\$13.4 million.

Employment and Remuneration Policy

As at 30 June 2022, total number of employees of the Group was 23 (2021: 18). During the financial year ended 30 June 2022, employees costs (including Directors' emoluments) amounted to approximately HK\$17.2 million (2021: HK\$16.7 million). Remuneration of the employees which included salary, discretionary bonus and share-based incentives was based on the Group's results and individual performance. Medical and retirement benefits schemes were made available to qualified personnel.

Financial Position

As at 30 June 2022, total assets of the Group were approximately HK\$309.3 million (30 June 2021: HK\$426.2 million), representing an decrease of 27.4% as compared with that of 2021, among which current assets decreased by 27.5% to approximately HK\$308.0 million (30 June 2021: HK\$424.9 million).

The decrease in current assets of the Group was attributed to the combination effect of decrease in trade receivables, deposits and other receivables of approximately HK\$105.9 million, increase in prepayment of approximately HK\$46.1 million, decrease in loan receivable of approximately HK\$20.0 million, decrease in financial assets at fair value through profit and loss of approximately HK\$3.4 million, and decrease in cash and cash equivalent of approximately HK\$36.3 million.

As at 30 June 2022, total liabilities of the Group amounted to approximately HK\$63.2 million (30 June 2021: HK\$81.8 million), a decrease of 22.7% as compared with that of 2021, among which current liabilities decreased by 24.1% to HK\$62.1 million (30 June 2021: HK\$81.8 million), whereas non-current liabilities increased by HK\$1.0 million compared with the financial year ended 30 June 2021. The decrease in current liabilities is mainly due to decrease in trade payable and income tax payable. The increase in non-current liabilities was attributable to the increase in lease liability.

Total equity of the Company decreased by 28.5% to approximately HK\$246.1 million as at 30 June 2022 (30 June 2021: HK\$344.3 million). This is mainly due to the loss of the financial year of approximately HK\$51.8 million and dividend paid to non-controlling interest of a subsidiary.

Liquidity, Financial Resources and Gearing

As at 30 June 2022, the Group maintained net current assets of approximately HK\$246.0 million (30 June 2021: HK\$343.1 million). Besides, the Group maintained cash and cash equivalents of approximately HK\$38.8 million, of which 1.1% and 53.4% were denominated in Hong Kong dollars and Singapore dollars respectively (30 June 2021: HK\$75.1 million, of which 10.0% and 61.5% were denominated in Hong Kong dollars and Singapore dollars respectively).

As at 30 June 2022, the Group had no interest-bearing borrowings (30 June 2021: Nil). The Group's gearing ratio was 0.03 (30 June 2021: N/A), which was calculated on the basis of net debt over equity attributable to owners of the Company. Net debt is calculated as trade and other payables less cash and cash equivalents.

Charge on Assets

As at 30 June 2022, the Group had no charge on its assets (30 June 2021: Nil).

Capital Structure

2019 Placing

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

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

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

As at 30 June 2021, the Group had utilised the net proceeds of the 2019 Placing as follows:

Intended use of net proceeds	Allocation of net proceeds <i>HK\$ (million)</i>	Utilisation to the financial year ended 30 June 2021 <i>HK\$ (million)</i>
General working capital of the Group	<u>36.9</u>	<u>36.9</u>

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

	Utilisation as at the financial year ended 30 June 2021 <i>HK\$ (million)</i>
Human resources	8.2
Office utilities	2.5
Other general expenses	6.2
General working capital in respect of the solar power business	<u>20.0</u>
Total	<u>36.9</u>

The utilised of net proceeds was in accordance to the original intention disclosed in the announcement of the company dated 14 March 2019 in relation to the 2019 Placing.

Capital Expenditure and Commitments

During the financial year ended 30 June 2022, the Group had capital expenditure of approximately HK\$0.6 million (2021: HK\$0.1 million, including right of use assets).

As at 30 June 2022 and 30 June 2021, the Group do not have commitments contracted for but not provided in the consolidated financial statements.

Contingent Liabilities

As at 30 June 2022, the Group had security bonds to the Singapore Government amounting to approximately HK\$28,000 (30 June 2021: HK\$29,000) in relation to foreign workers.

Significant Investments

As at 30 June 2022, the Group held certain listed securities as financial assets at fair value through profit or loss.

The Group identified its investments based on the share price performance and future prospect of the investments. For the financial year ended 30 June 2022, the Group received dividend income of HK\$37,000 (2021: HK\$37,000) from investment in listed securities and made a fair value loss of HK\$3.3 million (2021: fair value loss of HK\$6.3 million) on financial assets of fair value through profit or loss. This fair value loss is mainly the effect of: (i) decrease in share price of 56.4% of Chi Ho Development Holdings Limited (“**Chi Ho**”); (ii) decrease in share price of 44.1% of Li Bao Ge Group Limited (“**Li Bao Ge**”); and (iii) decrease in the share price of Pinestone Capital Limited (“**Pinestone**”) of 35.3%; (iv) decrease in share price of 22.0% of SingAsia Holdings Limited (“**SingAsia HLDG**”); and (v) decrease in share price of 57.6% of China Baoli Technologies Holdings Limited (“**China Baoli**”) during the financial year ended 30 June 2022. Investment cost of each of Chi Ho, Li Bao Ge, Pinestone, SingAsia HLDG and China Baoli was approximately HK\$5.0 million, HK\$4.0 million, HK\$19.4 million, HK\$10.7 million and HK\$5.0 million, respectively.

Stock code	Company name	No. of share held at 30 June 2022 '000	Percentage of shareholding as at		Market value as at 30 June 2022 HK\$'000	Approximate percentage to the Group's net assets as at 30 June 2022	Market value as at 30 June 2021 HK\$'000	Approximate percentage to the Group's net assets as at 30 June 2021	Change in fair value of held-for-trading instruments for the years ended ^{(Note 8(d))}	
			30 June 2022	30 June 2021		30 June 2022		30 June 2021	30 June 2022	30 June 2021
164	China Baoli Technologies Holdings Limited	249	0.045%	0.067%	62	0.03%	147	0.04%	(85)	147
804	Pinestone Capital Limited	38,800	0.860%	0.918%	1,280	0.52%	2,112	0.61%	(727)	(5,215)
1869	Li Bao Ge Group Limited	830	0.083%	0.083%	172	0.07%	307	0.09%	(135)	116
8423	Chi Ho Development Holdings Limited	14,900	1.863%	1.868%	1,818	0.74%	4,172	1.22%	(2,354)	(1,341)
8293	SingAsia Holdings Limited	1,925	0.107%	0.128%	75	0.03%	96	0.02%	(21)	38
					<u>3,407</u>	<u>1.38%</u>	<u>6,834</u>	<u>1.98%</u>	<u>(3,322)</u>	<u>(6,255)</u>

Pinestone is a Hong Kong-based financial services provider principally engaged in provision of securities brokerage services, securities-backed lending services as well as placing and underwriting services. The loss for the financial year ended 31 December 2021 of Pinestone is approximately HK\$4.9 million compare to the net loss of HK\$18.8 million for the financial year ended 31 December 2020. Reduction in loss was mainly attributable to the decrease in impairment loss on trade and loan receivables from HK\$31.3 million for the financial year ended 31 December 2020 to HK\$12.5 million for the financial year ended 31 December 2021. Pinestone will continue to explore profitable business opportunities to broaden their business reach and strengthen market position, and continue to growth in a longer term.

Li Bao Ge is principally engaged in the operation of a chain of Chinese restaurants in Hong Kong and the PRC. The loss attributable to the shareholder for the financial year ended 31 December 2021 of Li Bao Ge is approximately HK\$92.5 million, compared to the recorded loss attributable to owners of the company of approximately HK\$39.8 million for the financial year ended 31 December 2020. Loss for the year ended 31 December 2021 increased by approximately HK\$52.7 million as compared to the last year, was mainly due to the combined effects of (i) the increase in operating losses of the Group's restaurant operations by approximately HK\$6.4 million; (ii) the impairment loss on intangible assets of approximately HK\$29.7 million; and (iii) the impairment loss on amount due from a non-controlling shareholder of approximately HK\$9.9 million.

SingAsia HLDG is principally engaged in the provision of manpower, outsourcing, recruitment, trading and cleaning services. SingAsia HLDG record an increase in loss for the nine months ended 30 April 2022 to approximately S\$1.3 million, compared with the loss for the nine months ended 30 April 2021 of approximately S\$1.0 million.

Chi Ho is an established main contractor for the provision of renovation and maintenance works, alteration and addition works, and fitting-out works in Hong Kong. Chi Ho is responsible for the overall management, implementation and supervision of projects. Chi Ho focuses on the management of projects, development of work programmes, procurement of works materials, operation of site works, co-ordination with the customers or their consultants and quality control of the works carried out by the employees and the subcontractors. The profit for the financial year ended 31 March 2022 of Chi Ho is approximately HK\$8.0 million, which has decreased by approximately HK\$13.4 million compared to that of the profit of approximately HK\$21.4 million previous year, which was mainly due to the combined effects of (i) reduce in gross profit of approximately HK\$5.1 million; (ii) increase of impairment loss under expected credit loss of HK\$5.4 million; and (iii) increase in administrative expenses of HK\$3.5 million.

China Baoli is principally engaged in mobile technologies business, tourism and hospitality business, gamma ray irradiation services, and securities trading and investment. China Baoli record a profit for the year ended 31 March 2022 approximately HK\$96.8 million compared with the loss for the year ended 31 March 2021 approximately 112.6 million. The turnaround was mainly attributable to the combined effects of the (i) gain on disposal of subsidiaries of approximately HK\$119.2 million; and (ii) gain on deconsolidation of subsidiaries of approximately HK\$36.9 million. As at 31 March 2022, the total assets and net liabilities of the Group was approximately HK\$142.2 million and HK\$363.9 million compared with approximately HK\$138.1 million and HK\$540.2 million as at 31 March 2021 respectively.

Although the market value of financial assets held by the Company had declined as of 30 June 2022, and weak financial performance of such assets is noted from their latest published financial statement, the Company still holds positive views in a longer term and will regularly monitor the performance of investment in such assets and take suitable action in due course.

Material Acquisitions and Disposals

There were no material acquisitions or disposals of subsidiaries, joint ventures and associated companies during the financial year ended 30 June 2021 and 30 June 2022.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to establish and maintain high standard of corporate governance. The Company believes that good corporate governance system provides a sustainable and solid foundation for the Company to manage business risks, enhance transparency, advance accountability and maximise shareholders' interests.

The Company has applied the principles of Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and complied with all applicable code provisions of the CG Code throughout the financial year ended 30 June 2022, save and except for the deviations from code provisions C.2.1.

Code provision C.2.1

Code provision C.2.1 of the CG Code stated that the roles of chairman and managing director should be separate and should not be performed by the same individual. Following the resignation as executive director and managing director of Mr. Yeo Jiew Yew ("**Mr. Yeo**"), the chairman of the board (the "**Board**") of directors of the Company (the "**Chairman**"), Mr. Liu Yancheng is responsible for the general operations of the Board and the overall strategy of the Group. The Board considers that this structure would not impair the balance of power and authority between the directors and the management of the Group.

The roles of the respective executive Directors and senior management, who are in charge of different functions, complements the roles of chairman and managing director.

The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently.

The Board understands the importance of complying with the code provision C.2.1 of the CG Code and will continue to consider the feasibility of compliance. If compliance is determined, appropriate persons will be nominated to take up the different roles of the Chairman and the Managing Director.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2022.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as the code of practice for carrying out securities transactions by the Directors. After specific enquiry with all members of the Board, the Company confirmed that all Directors have fully complied with the relevant standards stipulated in the Model Code during the financial year ended 30 June 2022.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established with written terms of reference in compliance with the code provisions of the Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group.

As at 30 June 2022, the Audit Committee consists of four non-executive Directors, of whom three are independent, namely, Mr. Leung Po Hon (chairman of the Audit Committee), Mr. Li Jin, Dr. Luo Xiaodong, Mr. Tam Tak Wah.

The Group's final results for the financial year ended 30 June 2022 and this announcement have been reviewed with no disagreement by the Audit Committee before submission to the Board for approval.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the financial year ended 30 June 2022 have been agreed by the Company's auditor, Moore Stephens CPA Limited (“**Moore Stephens**”), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens on the preliminary announcement.

PROPOSED FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the financial year ended 30 June 2022.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This preliminary final results announcement is published on the websites of the Company (www.kingbostrike.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the financial year ended 30 June 2022 will be despatched to the Company's shareholders and available on the abovementioned websites in due course.

By Order of the Board
Liu Yancheng
Chairman and Executive Director

Hong Kong, 30 September 2022

As at the date of this announcement, the executive Directors are Mr. Liu Yancheng and Mr. Yao Runxiong, the non-executive Director is Mr. Tam Tak Wah, the independent non-executive Directors are Mr. Leung Po Hon, Mr. Li Jin and Dr. Luo Xiaodong.