

KINGBO STRIKE LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1421



INTERIM REPORT

2022/2023

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Yancheng (*Chairman*)
Mr. Yao Runxiong

Non-executive Director

Mr. Tam Tak Wah

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

AUDITORS

Moore Stephens CPA Limited
801–806 Silvercord
Tower 1
30 Canton Road, Tsim Sha Tsui
Kowloon, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong)
Bank of Communications

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Union Registrars Limited
Suites 3301–04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1202, 12th Floor,
Mirror Tower,
No. 61 Mody Road,
Tsim Sha Tsui East, Hong Kong

COMPANY SECRETARY

Mr. Ng Kwok Leung

AUTHORISED REPRESENTATIVES

Mr. Yao Runxiong
Mr. Ng Kwok Leung

WEBSITE OF THE COMPANY

www.kingbostrike.com



Management Discussion and Analysis

BUSINESS REVIEW

During the period under review, the performance of Kingbo Strike Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) in different business lines were as follows:

Solar Power Business

The Group’s solar power business mainly engaged in supply and installation of solar photovoltaic parts and equipment. During the period, the Group has recognised a revenue of approximately HK\$39.3 million (equivalent to approximately RMB34.2 million) from the solar power business for the six months ended 31 December 2022, a decrease is noted compared to a revenue of approximately HK\$55.5 million (equivalent to approximately RMB45.8 million) in the six months ended 31 December 2021, as the Group secured and delivered a lower volume of contracts during the period.

Electrical Distribution System

The Group recorded a revenue of approximately HK\$25.2 million (equivalent to approximately RMB21.9 million) in the six months ended 31 December 2022, compared to a revenue of approximately HK\$106.2 million (equivalent to approximately RMB87.5 million) in the six months ended 31 December 2021, and compared to a revenue of approximately HK\$47.5 million for the period from January to June 2022 (second half of previous financial year). Such decrease was due to the effect of economic slowdown arising from the outbreak of the 2019 novel coronavirus (COVID-19) during the first half 2022, and another wave of outbreak in a more widespread manner during the fourth quarter of 2022, which results in a significant decrease in contracts secured.

Electrical Engineering Services

For the six months ended 31 December 2022, the electrical engineering services in Singapore did not recorded any revenue (six months ended 31 December 2021: approximately HK\$618,000 (equivalent to approximately S\$0.1 million)).

Due to the fierce competition in public housing development projects in Singapore, while the Group had adopted a conservative approach in tendering new projects. Hence the Group did not secure any new projects in these six months ended 31 December 2022 (six months ended 31 December 2021: Nil), and there are no outstanding contracts on hand as of 31 December 2022.

FINANCIAL REVIEW

Revenue

For the six months ended 31 December 2022, majority of the Group’s revenue was derived from solar power business and electrical distribution system in the People’s Republic of China (the “**PRC**”).

Revenue contributed from solar power business in the PRC and electrical distribution system in PRC comprised approximately 61.0% (HK\$39.3 million) and 39.0% (HK\$25.2 million) of the total revenue of the Group, respectively.



Management Discussion and Analysis

Operating Results

During the period under review, gross profit of the Group decreased by 52.0% to approximately HK\$6.0 million (six months ended 31 December 2021: HK\$12.4 million) as compared to the six months ended 31 December 2021. Gross profit margin improved from that of 7.7% for the six months ended 31 December 2021 to 9.3% for the six months ended 31 December 2022. An improved gross profit margin is attributable to the combined effect of a higher portion of stable gross margin from solar power business and a lower portion of more compressed profit margin from electrical distribution system business. Loss attributable to owners of the Company is approximately HK\$9.6 million (six months ended 31 December 2021: loss of HK\$13.5 million) and basic loss per share attributable to ordinary equity holders of the parent is HK\$0.69 cent (six months ended 31 December 2021: loss per share of HK\$0.97 cent). The change is mainly attributable to the combined effect of (i) deteriorate in solar power business segment results to a loss of approximately HK\$1.9 million (including the effect of expected credit loss of HK\$5.7 million) (six months ended 31 December 2021: profit of HK\$9.5 million); (ii) improve in electrical distribution system segment results to profit approximately HK\$12.6 million (including the effect of reversal of expected credit loss of HK\$11.3 million) (six months ended 31 December 2021: profit of HK\$1.6 million) and (iii) fair value loss on financial assets at fair value through profit or loss of approximately HK\$1.8 million (six months ended 31 December 2021: HK\$1.0 million).

Other Gains and Losses

Other gains and losses had changed from a net loss of approximately HK\$4.8 million for the six months ended 31 December 2021 to a gain of approximately HK\$3.5 million for the six months ended 31 December 2022. This is primarily attributable to the combined effect of (i) increase in fair value loss on financial assets at fair value through profit or loss of approximately HK\$1.8 million taken place in the six months ended 31 December 2022 compared to the loss of HK\$1.0 million in the six months ended 31 December 2021, and (ii) a reversal of allowance for expected credit loss recognised in respect of financial assets of amortised cost of approximately HK\$4.9 million for the six months ended 31 December 2022, compared an allowance of HK\$5.0 million in the six months ended 31 December 2021.

Administrative Expenses

Administrative expenses for the six months ended 31 December 2022 remain stable at approximately HK\$10.8 million (six months ended 31 December 2021: HK\$11.3 million).

Taxation

There was a net income tax expense of approximately HK\$1.3 million for the six months ended 31 December 2022 compared to approximately HK\$2.4 million for the six months ended 31 December 2021, mainly due to decrease in profit in solar power business and electrical distribution system business in PRC.

Liquidity, Financial Resources and Gearing

As at 31 December 2022, net current assets of the Group was approximately HK\$234.8 million (30 June 2022: HK\$246.0 million). Besides, the Group maintained cash and cash equivalents of approximately HK\$48.5 million (including restricted deposits of approximately HK\$32.7 million) (30 June 2022: HK\$38.8 million), of which approximately 1.2% was in Hong Kong dollars, and 30.9% was in Singapore dollars (30 June 2022: 1.1% was in Hong Kong dollars and 53.4% was in Singapore dollars).

The Group's gearing ratio was 0.31 (30 June 2022: 0.03), which was calculated on the basis of net debt over equity attributable to owners of the Company. Net debt is calculated as total borrowings plus trade and other payables less cash and cash equivalents.



Management Discussion and Analysis

Capital Structure

2019 Placing

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

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

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

As at 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 HK\$ (million)	Utilisation up to the financial year ended 30 June 2021 HK\$ (million)
General working capital of the Group	36.9	36.9

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

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



Management Discussion and Analysis

The utilisation of net proceeds was in accordance to the original intention disclosed in the announcement of the company dated 14 March 2019 in relation to the 2019 Placing, details breakdown of the use of proceeds can refer to pages 8 of the annual report for the year ended 30 June 2021.

Capital Structure, Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group primarily financed its operations with internally generated cash flows, internal resources, external financing and shareholder's equity. Cash was generally placed in short-term deposits. The liquidity and financing requirements of the Group were reviewed regularly.

The Group's business mainly operates in Singapore, PRC and Hong Kong. Accordingly, its revenue and transactions arising from its operations were generally settled in Singapore dollars, Renminbi and Hong Kong dollars. As a result, fluctuations in the value of Hong Kong dollars against Renminbi or Singapore dollars could adversely affect the cash and cash equivalent which is reported in Hong Kong dollars. During the six months ended 31 December 2022, the Group did not experience in any material difficulties or impacts on its operations or liquidity as a result of currency exchange fluctuation.

The Group did not use any financial instruments for hedging purposes during the six months ended 31 December 2022 and there was no hedging instrument outstanding as at 31 December 2022. The Group will continue to monitor closely the exchange rate risk arising from its existing operations and new investments in future. The Group will further implement the necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

Capital management

The primary objectives of the Group's capital management are to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The capital of the Group comprises of share capital and reserves.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2022 and the period ended 31 December 2022.

The Group monitors capital using a gearing ratio, which is net debt/cash divided by equity attributable to owners of the Company. Net debt/cash includes trade and other payables, less cash and cash equivalents. The Group seeks to maintain a sustainable gearing ratio to meet its existing requirements.

Charge on Assets

As at 31 December 2022 and 30 June 2022, the Group had no charges on its assets.

Capital Expenditure and Commitments

During the six months ended 31 December 2022 and six months ended 31 December 2021, the Group did not make significant capital expenditure.

As at 31 December 2022 and 30 June 2022, the Group had no material capital commitment contracted for but not provided in the condensed consolidated financial statements.



Management Discussion and Analysis

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Associated Companies

As at 31 December 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 six months ended 31 December 2022, the Group did not received any dividend income (six months ended 31 December 2021: HK\$37,250) from investment in listed securities and made a fair value loss of HK\$1.8 million (six months ended 31 December 2021: HK\$1.0 million) on financial assets at fair value through profit or loss. This fair value loss attributable to the combination effect of: (i) decrease in share price of 63.9% of Chi Ho Development Holdings Limited (“**Chi Ho**”); (ii) decrease in the share price of 47.7% of Pinestone Capital Limited (“**Pinestone**”); (iii) decrease in share prices of 14.7% of SingAsia Holdings Limited (“**SingAsia HLDG**”), (iv) increase in share price of 19.2% of Li Bao Ge Group Limited (“**Li Bao Ge**”) and (v) decrease in share price of 61.3% of China Baoli Technologies Holding Limited (“**China Baoli**”) during the six months ended 31 December 2022.

During the financial reporting period 31 December 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\$20.7 million, HK\$10.7 million and HK\$5.0 million, respectively.

Details of all the financial assets at fair value through profit or loss were set out in note 17 to the condensed consolidated financial statements.

Pinestone is a Hong Kong-based financial services provider principally engaged in provision of securities brokerage services, securities-backed lending services as well as placing and underwriting services. The loss for the financial year ended 31 December 2021 of Pinestone was HK\$4.9 million, and it recorded a profit of HK\$1.5 million for the six months ended 30 June 2022. A turnaround was mainly due to the combined effect of reduction in impairment loss on trade and loan receivable that recognized in financial year 2021 and the reduction in revenue from placing and underwriting services, and securities-backed, lending services.

Being optimistic in the securities industry in Hong Kong, the Company is positive towards the prospect of Hong Kong-based financial services provider.

Li Bao Ge is principally engaged in the operation of a chain of Chinese restaurants in Hong Kong and the PRC. Li Bao Ge recorded losses of HK\$26.2 million for the six months ended 30 June 2022, compare to losses of HK\$27.0 million for the six months ended 30 June 2021. Continue losses was mainly attributed to the decrease in revenue and gross profit arising from the downtrend of Hong Kong economy and delay in expansion plan since the COVID-19 pandemic.

SingAsia HLDG is principally engaged in the provision of manpower, outsourcing, recruitment, trading and cleaning services. SingAsia HLDG recorded a loss of S\$1.7 million for the financial year ended 31 July 2022, compare to the loss of S\$1.3 million for the financial year ended 31 July 2021. Increase in loss was mainly due to the increase in staff cost from manpower outsourcing services which resulted by labour crunch in Singapore and increasing number of staff as the Group regained business resulted from lifting of travel restriction and reopening of boarder worldwide.

Chi Ho is an established main contractor for the provision of renovation and maintenance works, alteration and addition works, and fitting-out works in Hong Kong. Chi Ho is responsible for the overall management, implementation and supervision of projects. Chi Ho focuses on the management of projects, development of work programmes, procurement of works materials, operation of site works, co-ordination with the customers or their consultants and quality control of the works carried out by the employees and the subcontractors. Chi Ho record a profit of HK\$8.4 million for the six months ended 30 September 2022, increased from the profit of HK\$8.3 million for the previous period. Such increase was mainly due to the combined effect of a higher volume of contracts awarded and contracted gross profit margin on a result of increased in subcontracting charge and construction material cost during the period under review.



Management Discussion and Analysis

China Baoli is principally engaged in mobile technologies business, tourism and hospitality business, gamma ray irradiation services, and securities trading and investment. China Baoli recorded a loss of HK\$13.4 million for the six months ended 30 September 2022, an increase in loss is noted compare to a loss of HK\$12.9 million for the previous period.

Although the market value of financial assets held by the Company had declined as of 31 December 2022, 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.

Save for those disclosed above and in note 18 to the condensed consolidated financial statements of this Interim Report, there were no other significant investments held. Nor were there any material acquisitions or disposals during the period under review.

Contingent Liabilities

Save as disclosed in note 25 to the condensed consolidated financial statements, the Group had no other contingent liabilities as at 31 December 2022.

Employment and Remuneration Policy

As at 31 December 2022, the total number of employees of the Group was 23 (30 June 2022: 23). During the period under review, employees costs (including Directors' emoluments) amounted to approximately HK\$8.6 million (six months ended 31 December 2021: HK\$8.2 million). Remuneration of the employees which included salary and discretionary bonus was based on the Group's results and individual performance. Medical and retirement benefits schemes were made available to qualified personnel.

Prospects

Due to the outbreak of COVID-19 in eastern area in the PRC throughout the first half 2022 and another wave of outbreak of COVID-19 in a more widespread manner during the fourth quarter 2022, this resulted in adoption of more stringent measure in social distancing, which includes suspension or limited service of logistics facilities and factory operation. The Company experienced a slowdown in business and weaker demand from customers during the period of review.

In addition, certain policies issued by the PRC government in previous years bringing disruptions and industry consolidation on the solar power business in the PRC. As a non-market leading participant, the Group is facing additional pressure on contract volume and profitability of its solar power business in the PRC during the period of review and expect this will continue in the year to come.

As the results of progressive lifting of social distancing measures and re-opening of border since January 2023, business is expected to return to a normal course of development in the PRC. However, the board is closely monitor the development and impact of COVID-19 to the Group from time to time and formulating responses accordingly.

Looking forward, the Group will continue to make solid efforts in seeking for business with good return potential, so as enhance the value of the shareholders of the Company.



Corporate Governance and Other Information

CORPORATE GOVERNANCE PRACTICES

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

The Company has applied the principles of Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and complied with all applicable code provisions of the CG Code throughout the six months ended 31 December 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.

For the six months ended 31 December 2022, the chairman of the board (the "**Board**") of directors of the Company (the "**Chairman**"), Mr. Liu Yancheng was 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of practice for carrying out securities transactions by the Directors. After specific enquiry with all members of the Board, the Company confirmed that all Directors have fully complied with the relevant standards stipulated in the Model Code during the six months ended 31 December 2022.



Corporate Governance and Other Information

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

As at 31 December 2022, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive have taken or deemed to have taken under such provisions of the SFO); (ii) recorded in the register kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long Positions in Shares and Underlying Shares of the Company

Director	Capacity/Nature	Personal Interest	Other interest (Note 3)	Total interest	Percentage of interest in the Company's issued share capital
Mr. Liu Yancheng	Beneficial owner	7,600,000	13,902,800	21,502,800	1.55%
	Interest of spouse (Note 1)	5,000,000	–	5,000,000	0.36%
Mr. Yao Runxiong	Beneficial owner	12,050,000	–	12,050,000	0.87%
	Interest of spouse (Note 2)	18,630,000	–	18,630,000	1.34%

Notes:

- 5,000,000 shares of the Company are legally and beneficially owned by Ms. Zhang Juanying, the spouse of Mr. Liu Yancheng. Mr. Liu Yancheng is therefore deemed to be interested in the 5,000,000 shares of the Company for the purposes of the SFO.
- 18,630,000 shares of the Company are legally and beneficially owned by Ms. Zhuang Yanzhu, the spouse of Mr. Yao Runxiong. Mr. Yao Runxiong is therefore deemed to be interested in the 18,630,000 shares of the Company for the purposes of the SFO.
- These interests represent options granted to the Directors as beneficial owners under the share option scheme of the Company. Details of the interests of the Directors in the share options of the Company are disclosed in the section "Share Option Scheme" below.

Save as disclosed above, as at 31 December 2022, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTION SCHEME

A new share option scheme was adopted by the Company following the resolution passed at the annual general meeting of the Company held on 20 October 2017 (the "Share Option Scheme"). The main purpose of the scheme is to provide incentives and rewards to the eligible participants including full time or part time employees of the Group (including any directors); and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group.



Corporate Governance and Other Information

Details of the movements in the share options granted to Directors and employees under the Share Option Scheme during the six months ended 31 December 2022 are as follows:

Grantees	Date of grant	Exercise period	Exercise price per Share HK\$	Granted	Exercised	Outstanding
				during the six months ended 31 December 2022	during the six months ended 31 December 2022	balance as at 31 December 2022
Mr. Liu Yancheng	20 December 2022	20 December 2023– 19 December 2032	0.042	13,902,800	–	13,902,800
Mr. Tam Tak Wah	20 December 2022	20 December 2023– 19 December 2032	0.042	13,902,800	–	13,902,800
Employees	20 December 2022	20 December 2023– 19 December 2032	0.042	70,994,400	–	70,994,400

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the above "SHARE OPTION SCHEME", at no time during the six months ended 31 December 2022 was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate, and none of the Directors and chief executives or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

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

As at 31 December 2022, the Company has not been notified by any person or entity who had or was deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of SFO.

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

During the six months ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended 31 December 2022.



Corporate Governance and Other Information

AUDIT COMMITTEE

The Audit Committee was established on 9 December 2013 with written terms of reference specifying its authority and duties which is available on the websites of the Stock Exchange and the Company. The Audit Committee comprises of four non-executive Directors, amongst which three are independent. They are namely Mr. Leung Po Hon, Mr. Li Jin, Dr. Luo Xiaodong and Mr. Tam Tak Wah. Mr. Leung Po Hon is the chairman of the Audit Committee.

The Audit Committee has reviewed with senior management the accounting principles and practices adopted by the Group and also discussed the financial reporting matters including the review of the unaudited condensed consolidated financial statements of the Company for the six months ended 31 December 2022.

By Order of the Board
Kingbo Strike Limited
Liu Yancheng
Chairman

Hong Kong, 27 February 2023



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Six months ended 31 December	
		2022 HK\$'000 Unaudited	2021 HK\$'000 Unaudited
REVENUE	6	64,452	162,302
Cost of sales		(58,484)	(149,874)
Gross profit		5,968	12,428
Other gains and losses, net	7	3,535	(4,780)
Administrative expenses		(10,827)	(11,257)
Other expenses		(381)	(357)
Finance costs	8	(254)	(80)
LOSS BEFORE TAX	9	(1,959)	(4,046)
Income tax expense	10	(1,254)	(2,407)
LOSS FOR THE PERIOD		(3,213)	(6,453)
ATTRIBUTABLE TO			
Owners of the Company		(9,633)	(13,503)
Non-controlling interests		6,420	7,050
		(3,213)	(6,453)
LOSS FOR THE PERIOD		(3,213)	(6,453)
OTHER COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(8,111)	4,256
Other comprehensive (expense) income for the period, net of income tax		(8,111)	4,256
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		(11,324)	(2,197)
ATTRIBUTABLE TO			
Owners of the Company		(17,622)	(9,313)
Non-controlling interests		6,298	7,116
		(11,324)	(2,197)
Loss per share attributable to ordinary equity holders of the Company			
Basic and diluted (HK cent)	11	(0.69)	(0.97)



Condensed Consolidated Statement of Financial Position

	<i>Notes</i>	31 December 2022 HK\$'000 Unaudited	30 June 2022 HK\$'000 Audited
NON-CURRENT ASSETS			
Plant and equipment	13	193	309
Right-of-use asset	14	543	904
Total non-current assets		736	1,213
CURRENT ASSETS			
Trade receivables, deposits and other receivables	15	158,274	199,933
Contract assets	16	13,068	17,288
Prepayments	17	144,064	48,600
Financial assets at fair value through profit or loss	18	1,618	3,407
Restricted deposits		32,676	–
Cash and cash equivalents		15,866	38,810
Total current assets		365,566	308,038
CURRENT LIABILITIES			
Trade and other payables	19	37,214	45,730
Bills payables	20	32,676	–
Lease liability		672	717
Bank borrowings	21	43,943	–
Income tax payable		16,234	15,608
Total current liabilities		130,739	62,055
NET CURRENT ASSETS		234,827	245,983
TOTAL ASSETS LESS CURRENT LIABILITIES		235,563	247,196



Condensed Consolidated Statement of Financial Position

		31 December 2022 HK\$'000 Unaudited	30 June 2022 HK\$'000 Audited
	<i>Notes</i>		
NON-CURRENT LIABILITY			
Lease liability		801	1,110
Total non-current liability		801	1,110
NET ASSETS			
EQUITY			
Share capital	22	13,903	13,903
Reserves		194,315	211,937
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
		208,218	225,840
Non-controlling interests		26,544	20,246
TOTAL EQUITY			
		234,762	246,086



Condensed Consolidated Statement of Changes in Equity

	Equity attributable to owners of the Company								Total Equity HK\$'000 Unaudited
	Share capital HK\$'000 Unaudited	Share premium HK\$'000 Unaudited	Statutory surplus reserve HK\$'000 Unaudited	Exchange fluctuation reserve HK\$'000 Unaudited	Accumulated losses HK\$'000 Unaudited	Merger reserves HK\$'000 Unaudited	Total HK\$'000 Unaudited	Non-controlling interests HK\$'000 Unaudited	
At 1 July 2022 (audited)	13,903	563,328	14,880	(6,450)	(346,075)	(13,746)	225,840	20,246	246,086
(Loss)/profit for the period	-	-	-	-	(9,633)	-	(9,633)	6,420	(3,213)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	(7,989)	-	-	(7,989)	(122)	(8,111)
Total comprehensive (expense) income for the period	-	-	-	(7,989)	(9,633)	-	(17,622)	6,298	(11,324)
Transfer from retained profits to statutory surplus reserve	-	-	171	-	(171)	-	-	-	-
At 31 December 2022 (unaudited)	13,903	563,328	15,051	(14,439)	(355,879)	(13,746)	208,218	26,544	234,762
At 1 July 2021 (audited)	13,903	563,328	13,818	94	(301,008)	(13,746)	276,389	67,942	344,331
(Loss)/profit for the period	-	-	-	-	(13,503)	-	(13,503)	7,050	(6,453)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	-	-	-	4,190	-	-	4,190	66	4,256
Total comprehensive income (expense) for the period	-	-	-	4,190	(13,503)	-	(9,313)	7,116	(2,197)
Transfer from retained profits to statutory surplus reserve	-	-	825	-	(825)	-	-	-	-
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	14,512	14,512
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	(34,286)	(34,286)
At 31 December 2021 (unaudited)	13,903	563,328	14,643	4,284	(315,336)	(13,746)	267,076	55,284	322,360



Condensed Consolidated Statement of Cash Flows

	Six months ended 31 December	
	2022 HK\$'000 Unaudited	2021 HK\$'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash (used in) generated from operations	(33,256)	12,759
Interest received	131	46
Overseas tax paid	–	(17,733)
Net cash flows used in operating activities	(33,125)	(4,928)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	–	(7)
Deposit for leasehold improvement	–	(346)
Placement in restricted deposits	(32,676)	–
Proceeds from disposal of plant and equipment	93	–
Net cash flows used in investing activities	(32,583)	(353)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liability	(354)	(765)
Interest paid	(222)	–
Proceeds from bank borrowings	43,943	–
Capital contributions from non-controlling interests	–	14,512
Dividend paid to non-controlling interests of a subsidiary	–	(34,286)
Net cash flows generated from (used in) financing activities	43,367	(20,539)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(22,341)	(25,820)
Effects of currency translation on cash and cash equivalents, net	(603)	1,033
Cash and cash equivalents at beginning of period	38,810	75,083
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15,866	50,296
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	15,866	50,296



Notes to the Condensed Consolidated Financial Statements

1. CORPORATE AND GROUP INFORMATION

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



Notes to the Condensed Consolidated Financial Statements

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about major subsidiaries

Particulars of the Company's major subsidiaries as at 31 December 2022 and 30 June 2022 are as follows:

Name	Place of incorporation and business	Issued ordinary/registered share capital	Percentage of equity attributable to the Company				Principal activities
			31 December 2022		30 June 2022		
			Direct	Indirect	Direct	Indirect	
Capital Asia Investment Limited	Hong Kong limited liability	HK\$1	-	100	-	100	Investment holding
Marvel Skill Holdings Limited	British Virgin Islands ("BVI"), limited liability	US\$50,000	100	-	100	-	Investment holding
Kahuer Holding Co., Limited	BVI, limited liability	US\$50,000	-	60	-	60	Investment holding
Loydston International Limited	Hong Kong, limited liability	HK\$500,000	-	60	-	60	Investment holding
揚中恆發新能源有限公司 ^{1,2} Yangzhong Hengfa New Energy Company Limited ("Yangzhong Hengfa")	PRC	RMB10,000,000	-	100	-	-	Supply and installation of solar photovoltaic parts and equipment
萊斯頓電氣(江蘇)有限公司 ² (Loydston Electrical (Jiangsu) Company Limited) ("Loydston Electrical")	PRC	RMB30,000,000	-	60	-	60	Provision of electrical distribution system
Strike Electrical Engineering Pte Ltd ("Strike Singapore")	Singapore, limited liability	S\$1,510,000	100	-	100	-	Electrical works and general building engineering services
Kingbo Finance Limited	Hong Kong, limited liability	HK\$1	-	100	-	100	Provision of finance

Note:

¹ Registered as a wholly-foreign-owned enterprise under PRC law.

² The unofficial English translations are for identification purposes only.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors of the Company, principally affected the results or assets of the Group.



Notes to the Condensed Consolidated Financial Statements

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2022 (the “**Interim Financial Statements**”) have been prepared in accordance with International Accounting Standards (“**IASs**”) 34 Interim Financial Reporting issued by the International Accounting Standard Board (“**IASB**”).

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at and for the year ended 30 June 2022.

Basis of consolidation

The Interim Financial Statements comprise the financial statements of the Company and its subsidiaries for the six months ended 31 December 2022. The financial statements of the subsidiaries used in the preparation of the Interim Financial Statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to transactions and events in similar circumstances.

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

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

3. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared under the historical cost convention except for financial assets at fair value through profit or loss (Note 18) which have been measured at fair value. These financial statements are presented in HK\$. All values are rounded to nearest thousands (“**HK\$’000**”) unless otherwise stated.

Other than change in accounting policies resulting from application of new and amendments and interpretation to IFRSs, the accounting policies and methods of computation used in the preparation of condensed consolidated financial statements for the six months ended 31 December 2022 are the same as those applied in the preparation of the Group’s annual financial statements for the year ended 30 June 2022.



Notes to the Condensed Consolidated Financial Statements

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Application of new and amendments and interpretation of IFRSs

In the current period, the Group has applied, for the first time, the following new and amendments and interpretations to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 July 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020

Impact of issued not yet effective IFRSs

The Group has not applied the following IFRSs that have been issued but are not yet effective in the six months ended 31 December 2022:

IFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to IFRS 17	Insurance Contracts ⁴
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ²
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

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

² Effective for annual periods beginning on or after 1 January 2024.

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

⁴ As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amend to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023.

The Group's Interim Financial Statements have been reviewed by the audit committee of the Company (the "Audit Committee").



Notes to the Condensed Consolidated Financial Statements

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future accounting periods.

5. SEGMENT INFORMATION

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

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

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

Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that unallocated gains as well as head office and corporate expenses are excluded from such measurement.

There were no inter-segment sales for the six months ended 31 December 2022 and six months ended 31 December 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 income tax payable, other payables and lease liabilities as these liabilities are managed on a group basis.



Notes to the Condensed Consolidated Financial Statements

5. SEGMENT INFORMATION (Continued)

Six months ended 31 December 2022

	Solar power business HK\$'000 Unaudited	Electrical distribution system business HK\$'000 Unaudited	Engineering services HK\$'000 Unaudited	Total HK\$'000 Unaudited
Segment revenue:				
Sales to external customers	39,298	25,154	–	64,452
Segment results:				
Unallocated losses				(1,588)
Corporate and other unallocated expenses				(8,203)
Loss before tax				(1,959)

At 31 December 2022

	Solar power business HK\$'000 Unaudited	Electrical distribution system business HK\$'000 Unaudited	Engineering services HK\$'000 Unaudited	Total HK\$'000 Unaudited
Segment assets:				
Corporate and other unallocated assets	91,502	252,277	17,255	361,034
Total assets				5,268
Segment liabilities:				
Corporate and other unallocated liabilities	14,607	100,455	100	115,162
Total liabilities				16,378
				131,540



Notes to the Condensed Consolidated Financial Statements

5. SEGMENT INFORMATION *(Continued)*

Six months ended 31 December 2021

	Solar power business HK\$'000 Unaudited	Electrical distribution system business HK\$'000 Unaudited	Engineering services HK\$'000 Unaudited	Total HK\$'000 Unaudited
Segment revenue:				
Sales to external customers	55,534	106,150	618	162,302
Segment results:	9,522	1,633	(6,640)	4,515
Unallocated losses				(23)
Corporate and other unallocated expenses				(8,538)
Loss before tax				(4,046)

At 30 June 2022

	Solar power business HK\$'000	Electrical distribution system business HK\$'000	Engineering services HK\$'000	Total HK\$'000
Segment assets:				
Corporate and other unallocated assets	96,527	180,710	25,454	302,691
Total assets				6,560
Segment liabilities:				
Corporate and other unallocated liabilities	20,722	24,245	365	45,332
Total liabilities				17,833
				63,165



Notes to the Condensed Consolidated Financial Statements

5. SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

	Six months ended 31 December	
	2022 HK\$'000 Unaudited	2021 HK\$'000 Unaudited
Revenue		
Singapore	–	618
Mainland China	64,452	161,684
	64,452	162,302

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

(b) Non-current assets

	31 December	30 June
	2022 HK\$'000 Unaudited	2022 HK\$'000 Audited
Hong Kong	726	1,191
Singapore	10	22
	736	1,213

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



Notes to the Condensed Consolidated Financial Statements

6. REVENUE

Revenue represents an appropriate proportion of contract revenue of construction contracts; the net invoiced value of goods and services sold, after allowances for returns and trade discount during the respective reporting periods.

	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	Unaudited	Unaudited
At a point in time:		
– Supply of solar photovoltaic parts and equipment	36,554	55,534
– Provision of electrical distribution system	25,154	106,150
Over time:		
– Contract revenue from provision of electrical engineering services	–	618
– Installation of solar photovoltaic parts and equipment	2,744	–
	64,452	162,302

7. OTHER GAINS AND (LOSSES), NET

	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Foreign exchange differences	(19)	651
Bank interest income	131	46
Interests on loan receivables	–	337
Incentives from the Singapore Government (<i>Note (i)</i>)	–	5
Net fair value loss on financial assets at fair value through profit or loss (<i>Note 9</i>)	(1,789)	(1,048)
Reversal of (allowance for) expected credit loss recognised in respect of financial assets of amortised cost, net	4,892	(5,018)
Employment support scheme (<i>Note (ii)</i>)	104	–
Others	216	247
	3,535	(4,780)

Notes:

- (i) 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.
- (ii) This represents COVID-19 related subsidies in respect of the Employment Support Scheme provided by the Hong Kong Government.



Notes to the Condensed Consolidated Financial Statements

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 31 December	
	2022	2021
	HK\$'000 Unaudited	HK\$'000 Unaudited
Interest on bank borrowings	175	–
Interest on lease liability	47	27
Others	32	53
	254	80

9. LOSS BEFORE TAX

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

	Six months ended 31 December	
	2022	2021
	HK\$'000 Unaudited	HK\$'000 Unaudited
(a) Auditors' remuneration	545	863
Depreciation expense:		
Plant and equipment (<i>Note 13</i>)	112	101
Right-of-use asset (<i>Note 14</i>)	361	737
Cost of goods and services provided	58,484	145,422
Minimum lease payments under operating leases	401	1,143
Employee benefits	8,631	8,230
(b) Employee benefits (including Directors' remuneration):		
– Directors' fees	1,669	1,572
– Salaries, wages and bonuses	6,668	6,435
– Defined contribution retirement plans	294	223
	8,631	8,230
(c) Net fair value loss on financial assets at fair value through profit or loss (<i>Note 7</i>)	1,789	1,048



Notes to the Condensed Consolidated Financial Statements

10. INCOME TAX EXPENSE

	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Current – Hong Kong		
– Charge for the period	–	–
Current – others (the PRC and Singapore)		
– Charge for the period	1,254	2,505
– Over provision in respect of prior year	–	(98)
– Tax charge for the period	1,254	2,407

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

The tax rate for Singapore subsidiary is based on Singapore corporate income tax (the "CIT") rate at 17% for both period.

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 period.

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.



Notes to the Condensed Consolidated Financial Statements

11. BASIC AND DILUTED LOSS PER SHARE

The weighted average number of equity shares refers to shares in issue during the period. The Group had no potentially dilutive ordinary shares (six months ended 31 December 2021: Nil) in issue during the period.

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

	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Loss		
Loss attributable to equity holders of the Company, used in the basic and diluted loss per share calculation (HK\$'000)	(9,633)	(13,503)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation (in thousand)	1,390,280	1,390,280
Basic and diluted loss per share (HK cent)	(0.69)	(0.97)

Although there was share options (see details in note 26) granted in December 2022, the relevant share options are not yet vested until December 2023, and hence there was yet diluted shares taken into account as at the six months period ended 31 December 2022.

12. DIVIDEND

No dividend was declared for the six months ended 31 December 2022 and 2021.



Notes to the Condensed Consolidated Financial Statements

13. PLANT AND EQUIPMENT

	HK\$'000
Net carrying amount at 1 July 2022 (audited)	309
Depreciation	(112)
Written-off	(4)
Net carrying amount at 31 December 2022 (unaudited)	193

14. RIGHT-OF-USE ASSET

	Buildings leased for own used HK\$'000
Cost	
As at 1 July 2022 (audited) and 31 December 2022 (unaudited)	5,118
Accumulated depreciation	
As at 1 July 2022 (audited)	4,214
Depreciation provided for the period	361
As at 31 December 2022 (unaudited)	4,575
Net carrying amounts	
As at 31 December 2022 (unaudited)	543
As at 30 June 2022 (audited)	904



Notes to the Condensed Consolidated Financial Statements

15. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

	31 December 2022 HK\$'000 Unaudited	30 June 2022 HK\$'000 Audited
Trade receivables:		
Third parties		
– Gross amount	197,016	246,049
– Less: allowance for ECL	(40,762)	(48,016)
	156,254	198,033
Deposits and other receivables:		
Deposits	1,337	1,371
Others	683	529
	2,020	1,900
Total trade receivables, deposits and other receivables	158,274	199,933

Trade receivables are non-interest bearing and with credit terms ranged from of 180 to 360 days.



Notes to the Condensed Consolidated Financial Statements

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

An aging analysis of the trade receivables as at the end of the reporting periods, based on the invoice date (net of allowance for ECL), are as follows:

	31 December 2022 HK\$'000 Unaudited	30 June 2022 HK\$'000 Audited
Less than 30 days	–	2,832
31 to 60 days	18,052	23,427
61 to 90 days	26,112	23,131
91 to 180 days	18,265	–
181 to 365 days	42,793	123,107
Over 365 days	51,032	25,536
	156,254	198,033

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.

16. CONTRACT ASSETS

	31 December 2022 HK\$'000 Unaudited	30 June 2022 HK\$'000 Audited
Contract assets <i>(Note)</i>	15,572	19,238
Less: allowance for ECL	(2,504)	(1,950)
	13,068	17,288

Note: Contract assets primarily relate to the subsidiaries, i) Strike Singapore rights to consideration for work completed but not yet billed at reporting date; and ii) retention receivable of provision of electrical distribution system and iii) retention receivable of installation of solar photovoltaic parts. Contract assets are transferred to receivables when the rights become unconditional.



Notes to the Condensed Consolidated Financial Statements

17. PREPAYMENTS

	31 December 2022 HK\$'000 Unaudited	30 June 2022 HK\$'000 Audited
Prepayments (<i>Note</i>)	144,064	48,600

Note: As at 31 December 2022, included in the prepayments are mainly representing of approximately HK\$29,377,000 (30 June 2022: approximately HK\$40,927,000) for prepayment to supplier for photovoltaics parts and equipment and approximately HK\$114,309,000 (30 June 2021: approximately HK\$7,362,000) for prepayment to electrical distribution system.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2022 HK\$'000 Unaudited	30 June 2022 HK\$'000 Audited
Listed securities held-for-trading, at fair value: Equity securities listed in Hong Kong	1,618	3,407

The above equity investments at 31 December 2022 and 30 June 2022 were classified as financial assets at fair value through profit or loss and were accordingly, belong to the financial assets at fair value through profit or loss category.



Notes to the Condensed Consolidated Financial Statements

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

Stock code	Company name	No. of share held at		Percentage of shareholding as at 30 June 2022	Market value as at		Approximate percentage to the Group's net assets as at		Market value as at		Approximate percentage to the Group's net assets as at		Change in fair value of held-for-trading instruments for the years ended	
		31 December 2022	31 December 2022		31 December 2022	31 December 2022	30 June 2022	30 June 2022	30 June 2022	30 June 2022	31 December 2022	31 December 2021		
		'000			HK\$'000	HK\$'000			HK\$'000	HK\$'000			HK\$'000	HK\$'000
					Unaudited	Unaudited			Audited	Audited			Unaudited	Unaudited
164	China Baoli Technologies Holdings Limited	249	0.034%	0.045%	24	0.01%			62	0.03%			(38)	(78)
804	Pinestone Capital Limited	1,940	0.717%	0.860%	669	0.29%			1,280	0.52%			(611)	(206)
1869	Li Bao Ge Group Limited	830	0.075%	0.083%	205	0.09%			172	0.07%			33	(54)
8423	Chi Ho Development Holdings Limited	14,900	1.863%	1.863%	656	0.27%			1,818	0.74%			(1,162)	(1,147)
8293	SingAsia Holdings Limited	1,925	0.107%	0.107%	64	0.03%			75	0.03%			(11)	25
					1,618	0.69%			3,407	1.38%			(1,789)	(1,048)

Equity securities listed in Hong Kong were measured at fair value at the end of the reporting period. The fair value of the equity securities listed in Hong Kong were determined with reference to quoted market closing price.



Notes to the Condensed Consolidated Financial Statements

19. TRADE AND OTHER PAYABLES

	31 December 2022 HK\$'000 Unaudited	30 June 2022 HK\$'000 Audited
Trade payables:		
Third parties	4,884	10,116
Accruals for project costs	–	194
Other payables:		
Accrued liabilities	3,690	4,674
VAT payable	25,872	27,192
Warranty provision	716	1,513
Others	2,052	2,041
	32,330	35,420
Total	37,214	45,730

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

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

	31 December 2022 HK\$'000 Unaudited	30 June 2022 HK\$'000 Audited
Trade payables:		
Less than 90 days	2,242	8,406
91 to 180 days	355	1,710
181 to 270 days	2,287	–
	4,884	10,116

20. BILLS PAYABLES

	31 December 2022 HK\$'000	30 June 2022 HK\$'000 Audited
Bills payables-secured	32,676	–

The balances are secured by the restricted deposits of the Group.



Notes to the Condensed Consolidated Financial Statements

21. BANK BORROWINGS

	31 December 2022 HK\$'000 Unaudited	30 June 2022 HK\$'000 Audited
Secured bank borrowings	43,943	–
Represented by:		
Carrying amount of the bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	32,676	–
Carrying amount repayable within one year	11,267	–
	43,943	–

The bank borrowings bear interest at 0.35% per annum over 1 year PRC Loan Prime Rate (“LPR”), 0.55% per annum over 1 year PRC LPR or 1.36% per annum over 1 year PRC LPR as at 31 December 2022.

At 31 December 2022, the Group’s bank borrowings are secured by:

- (i) interest of several properties located in the PRC of the Group’s director and senior management,
- (ii) personal guarantee provided by director and senior management of the Group.

22. SHARE CAPITAL AND SHARE PREMIUM

	31 December 2022 HK\$'000 Unaudited	30 June 2022 HK\$'000 Audited
<i>Issued and fully paid:</i>		
1,390,280,000 (30 June 2022: 1,390,280,000) ordinary shares of HK\$0.01 each (30 June 2022: HK\$0.01 each)	13,903	13,903

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

	Number of shares in issue	Issued share capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 July 2022 (audited) and 31 December 2022 (unaudited)	1,390,280,000	13,903	563,328	577,231



Notes to the Condensed Consolidated Financial Statements

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets and liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2022 (Unaudited)

	Financial assets at fair value through profit of loss (Level 1) HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss	1,618	–	1,618
Trade receivables, deposits and other receivables	–	158,274	158,274
Restricted deposits	–	32,676	32,676
Cash and cash equivalents	–	15,866	15,866
	1,618	206,816	208,434

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Trade and other payables (excluding GST/VAT payable and accrued liabilities)	6,936
Bills payables	32,676
Bank borrowings	43,943
Lease liability	1,473
	85,028



Notes to the Condensed Consolidated Financial Statements

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

At 30 June 2022 (Audited)

Financial assets

	Financial assets at fair value through profit of loss (Level 1) HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss	3,407	–	3,407
Trade receivables, deposits and other receivables	–	199,933	199,933
Cash and cash equivalents	–	38,810	38,810
	<u>3,407</u>	<u>238,743</u>	<u>242,150</u>

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Trade and other payables (excluding GST/VAT payable and accrued liabilities)	12,351
Lease liability	<u>1,827</u>
	<u>14,178</u>



Notes to the Condensed Consolidated Financial Statements

24. RELATED PARTY TRANSACTIONS

- (a) In addition to the related party information disclosed elsewhere in the financial statements, the following are the related party transactions entered into between the Group and its related parties that took place on terms and conditions agreed between the parties during the reporting periods:

	Notes	Six months ended 31 December	
		2022 HK\$'000 Unaudited	2021 HK\$'000 Unaudited (Restated)
Operating expenses recharged by – a related company	(i)	6	32
Rental expense charged by – a related company	(ii)	326	329

Notes:

- (i) Operating expenses recharged by a related company mainly referred to the utilities charges for the office premises which was paid on behalf by Victrad Enterprise (Pte) Limited (“**Victrad**”), a company controlled by a key management personnel of the Group.
- (ii) Rental expense was charged by Victrad with reference to the rates of other similar premises.

(b) Commitment with related parties

- (i) The lease agreement for the lease of office premises entered into between Strike Electrical Engineering Pte. Ltd. (“**Strike Singapore**”) and Victrad was expired on 30 June 2022 and subsequently renewed for another 1 year after the financial year end.
- (ii) The lease agreement for the lease of workers dormitory units entered into between Strike Singapore and Victrad was expired on 30 June 2022 and subsequently renewed for another 1 year after the financial year end.
- (iii) The amount of total rental expenses charged by Victrad during the year is included in Note 24(a)(ii) to the condensed consolidated financial statements. There are no operating lease commitments in respect of the above leases with Victrad as at the reporting date (30 June 2022: Nil).

(c) Security and guarantee given by related parties

As set out in note 21, the Group’s bank borrowings are secured by:

- (i) interest of several properties located in the PRC of the Group’s director and senior management,
- (ii) personal guarantee provided by director and senior management of the Group.



Notes to the Condensed Consolidated Financial Statements

24. RELATED PARTY TRANSACTIONS (Continued)

(d) Compensation of key management personnel of the Group:

	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Directors' fees	1,669	1,572
Salaries and bonuses	3,615	4,502
Pension scheme contributions	64	43
	5,348	6,117

25. CONTINGENT LIABILITIES

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

	31 December	30 June
	2022	2022
	HK\$'000	HK\$'000
	Unaudited	Audited
Guarantees:		
Security bonds to the Singapore Government in relation to foreign workers	-	28

As required by the Singapore Government for each foreign worker hired, companies must submit a security bond of S\$5,000 to the Controller of Work Passes, a government authority in managing foreign employment. During the reporting periods, the Group has hired certain foreign workers and has arranged for an insurance company to provide insurance guarantees with the Singapore Government. The Directors believe that no foreign workers of the Group have breached the relevant regulations during the reporting periods. Accordingly, the Group has not provided for any provision in relation to such law. As at 31 December 2022, no guarantees has been provided by the insurer (30 June 2022: approximately HK\$28,000).



Notes to the Condensed Consolidated Financial Statements

26. SHARE OPTION SCHEME

Pursuant to a resolution passed at the annual general meeting of the Company held on 13 February 2017, a share option scheme (the “**Share Option Scheme**”) was adopted by the Company.

The major terms of the Share Option Scheme are summarised as follows:

- (a) The purpose of the Share Option Scheme is to provide incentive and/or reward to eligible participants for their contributions to, and continuing efforts to promote the interests of, the Company.
- (b) Eligible participants (“**Eligible Participants**”) include full time or part time employees of the Company (including any directors, whether executive or non-executive and whether independent or not, of the Company); and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Company.
- (c) The subscription price for shares under the Share Option Scheme may be determined by the board of directors at its absolute discretion but in any event will not be less than the highest of:
 - (i) the closing price of the shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer Date, which must be a business day;
 - (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the offer Date; and
 - (iii) the nominal value of the share on the offer Date.
- (d) **Maximum number of share available for issue**
 - (i) Subject to the Listing Rules, the overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the relevant class of Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.
 - (ii) Subject to the limit mentioned in (d)(i) above, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the Shares in issue as at the date of the approval of the Share Option Scheme (the “**Scheme Mandate Limit**”) being 98,800,000 shares (representing approximately 7.12% of the number of issued shares of the Company as at the date of this annual report), unless Shareholders’ approval has been obtained pursuant to sub-paragraphs (iii) and (iv) below. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
 - (iii) Subject to the limit mentioned in (d)(i) above, the Company may refresh the Scheme Mandate Limit at any time subject to approval of the shareholders in general meeting, provided that the Scheme Mandate Limit as refreshed must not exceed 10% of the shares in issue as at the date of passing the relevant resolution. Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Options) will not be counted for the purpose of calculating the this limit. The Company must send a circular to the shareholders containing such information as required under the Listing Rules.



Notes to the Condensed Consolidated Financial Statements

26. SHARE OPTION SCHEME (CONTINUED)

(d) Maximum number of share available for issue (Continued)

- (iv) Subject to the limit mentioned in (d)(i) above, the Company may also seek separate approval of the Shareholders in general meeting for granting options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the shareholders containing a generic description of the specified Eligible Participants, the number and terms of options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the terms of the options serve such purpose and such other information as required under the Listing Rules.
- (e) The total number of shares issued and to be issued upon exercise of the options granted to each Eligible Participant or grantee (including exercised and outstanding options) in any twelve-month period up to the date of grant shall not exceed 1% of the shares in issue.
- (f) Subject to the terms of the Share Option Scheme, an option may be exercised in whole or in part at any time during the period to be determined and notified by the directors to the grantee thereof at the time of making an offer provided that such period shall not exceed the period of ten years from the date of the grant of the particular option but subject to the provisions for early termination of the Share Option Scheme (the “**Option Period**”). There is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms of the Share Option Scheme.
- (g) A non-refundable nominal consideration of HK\$1.0 is payable by the grantee upon acceptance of an option.
- (h) The Share Option Scheme will remain in force for a period of 10 years commencing from 13 February 2017.

On 20 December 2022, the Company resolved to grant share options to 8 eligible participants (the “**Grantee(s)**”), including 2 Directors, 1 senior management and 5 employees of the Group under the share option scheme of the Company adopted on 20 October 2017 to subscribe for a total of 98,800,000 ordinary shares of HK\$0.01 each in the share capital of the Company.

Details of the movements in the share options schemes of the Company are disclosed in the section “Share Option Scheme” under Corporate Governance and Other Information section and as follow.



Notes to the Condensed Consolidated Financial Statements

26. SHARE OPTION SCHEME (CONTINUED)

The share options remained outstanding as at 31 December 2022 was 98,800,000 (30 June 2022: nil).

Date of grant	Vesting date	Exercise period	Exercise price
20 December 2022	20 December 2023	20 December 2023 to 19 December 2032 (both dates inclusive)	HK\$0.042

Category of participant	Outstanding as at 30 June 2022	Granted during the period	Outstanding as at 31 December 2022
Directors of the Company	–	27,806,600	27,806,600
Employees of the Group	–	70,994,400	70,994,400
Total			98,800,000

Exercisable at the end of the period

–

The fair value of the options granted and remaining outstanding during the period are calculated using the Binomial Option Pricing model. The inputs into the model are as follows:

Share price HK\$0.038

Exercise price HK\$0.042

Risk-free rate 3.34%

Expected volatility 84%

Expected dividend yield 0%

Employee turnover rate 0%

Early exercise multiplier 2.8

The estimated fair value of the options granted on 20 December 2022 is HK\$2,425,000 and the share option expense will be vested on 20 December 2023 and recognised in profit or loss during the next financial period ending 31 December 2023.



Notes to the Condensed Consolidated Financial Statements

27. EVENT AFTER THE REPORTING PERIOD

On 17 January 2023, the Board proposed to implement a share consolidation, on the basis that every twenty issued and unissued existing share of HK\$0.01 each will be consolidated into one consolidated share of HK\$0.20 each.

The proposed resolution had been passed by the shareholders by way of poll at the extraordinary general meeting held on 27 February 2023 and the share consolidation is expected to be effective on 1 March 2023 upon fulfillment of all other conditions under the listing approval.

28. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information was approved and authorised for issue by the Board on 27 February 2023.