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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 2016 AND RESUMPTION OF TRADING

FINANCIAL HIGHLIGHT

- The Group's revenue amounted to S$21,501,034, representing a corresponding increase of 81.8%.
- The Group's gross profit amounted to S$3,021,798, representing a corresponding decrease of 16.8%.
- The Group's profit for the year amounted to S$3,984,635, representing a corresponding increase of 2.5%.
- Earnings per share maintained at S$0.61 cents.
- The Board did not recommend the payment of a final dividend.

Resumption of trading

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 30 September 2016 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 21 December 2016.

* *For identification purpose only*

BUSINESS REVIEW

This year, the Group achieved a significant breakthrough by diversifying its business from the provision of electrical engineering services for public residential projects in Singapore to the construction, operation and sale of solar power station projects in the People's Republic of China ("**China**" or the "**PRC**").

During the financial year ended 30 June 2016, the business in Singapore remained the principal source of revenue of the Group. The Group's consolidated revenue increased by 81.8% to S$21,501,034, which was mainly attributable to more projects with significant work completion percentage were recognised. During the financial year, the Group completed 2 projects (2015: 4 projects), of which 1 (2015: 4) is public residential related. Due to keen market competition, the Group did not secure any new project (2015: 4 projects) during the financial year and the value of the outstanding contracts to be completed was S$40,464,200 (2015: S$62,100,000) as at 30 June 2016. All the 9 contracts on hand, are public residential projects.

On 11 May 2016, the Group entered into a sale and purchase agreement (the "**Agreement**") with an independent third party, Eternal Green Group Limited ("**Eternal Green**"), pursuant to which the Group agreed to buy and Eternal Green agreed to sell 60% equity interests (the "**Acquisition**") in Kahuer Holding Co., Limited and its subsidiaries (the "**Kahuer Group**") which are principally engaged in (a) the construction of solar power station; (b) the sale of solar power station; and (c) the provision of management and maintenance services to solar power station. The consideration for the Acquisition was HK$450,000,000 (the "**Consideration**"), which was satisfied by the payment of earnest money of HK$20,000,000 upon signing the memorandum of understanding on 10 March 2016, and by the issue of an aggregate of 120,000,000 new shares of the Company (the "**Consideration Shares**") at an issue price of HK$3.3 each and HK$34,000,000 of promissory note upon completion. Under the terms of the Acquisition, Eternal Green (as vendor) and Mr. Zhang Jie (as guarantor) guaranteed to the Group that the consolidated profit before tax of Kahuer Group for the 12-month period commencing from the completion date shall be not less than Renminbi ("**RMB**") 120,000,000 (the "**Profit Guarantee**"). The Consideration was determined after arms' length negotiations with reference to (i) future prospects of the solar photovoltaic technology and the renewable energy business of the Kahuer Group; (ii) the Profit Guarantee; (iii) a large portion of the Consideration would be satisfied by way of allotment and issue of Consideration Shares, which would be issued at HK$3.3, which represented a premium over the then market price of the shares of the Company ("**Shares**") and the net asset value per Share of approximately S$0.041 (equivalent to approximately HK$0.237) based on the unaudited consolidated financial statements of the Group as at 31 December 2015; and (iv) the relatively lower price to earnings ratio of about five times of the Profit Guarantee as compared to that of other similar solar power plant construction and solution provider in worldwide of about seven times.

The Company has been exploring new business opportunities in different territories in order to diversify its business and enhance its long-term growth potential. Following the advancement of technology and the increase in manufacturing scale, the cost of installing and maintaining photovoltaic declines. Currently, solar photovoltaic is the third most important renewable energy source in terms of globally installed capacity and PRC is one of the world's fastest growing market. Prior to the Acquisition, the management of the Kahuer Group has 12 years of experience of solar photovoltaic related products and services. With their seasoned experience and expertise in photovoltaic installation and maintenance in PRC, its solid supplier and consumer network and proven evidence of locating suitable source of projects, the Directors consider that the Acquisition will provide the Company with an investment opportunity to broaden its income stream and further enhance the value of the Group. The Directors had also engaged a third party appraiser to assist them in preparing a five-year period cash flow forecast of Kahuer Group (the "**Forecast**") to determine the fair values of the identifiable assets and liabilities of Kahuer Group for the purpose of purchase price allocation at the date of Acquisition. By physical inspection of sites, reviewing documents of construction of solar power station projects (including two investment agreements and feasibility reports prepared by independent professional parties) and historical information supporting the valuation of Acquisition (including four memorandums of understanding entered into by Kahuer Group and other written documents to show the costs of Kahuer Group), the Directors considered that the Forecast, including the assumptions and data for the valuation of the Acquisition provided by Eternal Green, is fair and reasonable. The Acquisition was completed on 27 May 2016. Details of the Acquisition were set out in the announcement of the Company dated 11 May 2016.

After completion of the Acquisition on 11 May 2016, the Company acquired Kahuer Holding Co., Limited and its seven subsidiaries, namely Loydston International Limited ("**Loydston**"), 開合新能源(鎮江)有限公司(Kaihe New Energy Zhenjiang) Company Limited*) ("**Kaihe New Energy**"), 鎮江開合光伏發電有限公司(Zhenjiang Kaihe Photovoltaic Power Company Limited*) ("**Zhenjiang Kaihe**"), 鎮江開普光伏發電有限公司(Zhenjiang Kaipu Photovoltaic Power Company Limited*) ("**Zhenjiang Kaipu**"), 鎮江開能光伏發電有限公司(Zhenjiang Kaineng Photovoltaic Power Company Limited*) ("**Zhenjiang Kaineng**"), 天津開合光伏能源科技有限公司(Tianjin Kaihe Photovoltaic Energy Technology Company Limited*) ("**Tianjin Kaihe**") and 盱眙盛能新能源有限公司(Xuyi Shengneng New Energy Company Limited*) ("**Xuyi Shengneng**"). Pursuant to the terms of the Agreement, Eternal Green agreed to assist Kahuer Group to complete the transfer of the entire registered capital of Qingdao Qiguang and Chengle Zhongxing to Tianjin Kaihe (the "**Transfer**") within six months after the completion of the Acquisition or such later date as the parties may mutually agree. Qingdao Qiguang and Chengle Zhongxing are principally engaged in the construction and operation of solar power station projects. Qingdao Qiguang has completed its construction and installation of solar power generation system for an industrial customer in 2015 and is now generating a stable electricity income by providing reliable and economical power to the customer. Changle Zhongxing has completed the construction and installation of first phase of the rooftop distributed solar photovoltaic power system and connected to the national electricity grid in September 2016. The next phase is still in construction and is expected to be completed by second quarter of 2017.

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As at the date of the Agreement, Qingdao Qiguang and Chengle Zhongxing were not owned by Eternal Green. Taking into account (i) the above benefits of the Acquisition; (ii) it takes time for Eternal Green to procure the shareholder(s) of Qingdao Qiguang and Chengle Zhongxing to execute the Transfer; and (iii) completion of acquisition of other group companies of the Kahuer Group (other than Qingdao Qiguang and Chengle Zhongxing) could be made after satisfaction of the conditions precedent under the Agreement, it was agreed between the parties to the Agreement that the Transfer would be made within six months after the completion of the Agreement.

As at the date hereof, the Transfer is yet to complete and each of Qingdao Qiguang and Chengle Zhongxing is not a company within Kahuer Group and not consolidated to the financial statements of the Company for the year ended 30 June 2016. It is due to the reason that the entire equity interests of Qingdao Qiguang and 70% equity interests of Changle Zhongxing are charged (the "**Charge**") to secure a loan granted to the sole shareholder of Qingdao Qiguang and Qingdao Qiguang and Changle Zhongxing can only be transferred to Kahuer Group after release of the Charge.

A manager in finance department of Kahuer Group is currently assisting the Company to control Qingdao Qiguang and Changle Zhongxing. She has the right to access to bank accounts of Qingdao Qiguang and Changle Zhongxing and control the use of financial chop and legal representative chop of Qingdao Qiguang and Changle Zhongxing. She will report monthly to the Company the financial position of Qingdao Qiguang and Changle Zhongxing. Upon request, she will also provide additional information of Qingdao Qiguang and Changle Zhongxing to the Company from time to time. The Company also has engaged legal advisers to seek legal advice with respect to the progress of the reorganisation of Qingdao Qiguang and Changle Zhongxing so as to protect the interests of the Company and shareholders of the Company. The management will also visit Qingdao and Changle in timely manner to update the status of Qingdao Qiguang and Changle Zhongxing.

On 27 November 2016, the parties to the Agreement mutually agreed to extend another three months for the Transfer to take place on or before 27 February 2017. The extension for a further three months is made after good faith negotiation by the Purchaser with Eternal Green and it is expected that Eternal Green will assist the sole shareholder of Qingdao Qiguang to arrange for sufficient fund to release the Charge within the three months extension period. In any case, if the Reorganisation cannot be completed within the three months extension period, the Purchaser may take legal action against Eternal Green to claim for compensation or discuss other settlement method with Eternal Green.

Information on Kahuer Group and the Acquisition

Kahuer Group have four memorandum of understandings (the "**MOU**") signed with different parties for the sale of solar power station projects. The followings are the details of the MOU:

Date of MOU	Total capacity of solar power station projects *(Megawatt)*	Expected total consideration *(RMB)*
8 January 2016	400	3,200,000,000
18 February 2016	155	1,116,000,000
1 March 2016	500	3,750,000,000
24 March 2016	300	2,160,000,000
Total	1,355	10,226,000,000

Currently, Kahuer Group has 13 solar power station projects, amounting to approximately 90 Megawatt, on hand. These projects were expected to be sold to the parties signing the MOU. The major solar power station projects are situated in Jiangsu, Liaoning and Shandong Provinces, China. The projects in Zhenjiang, Jiangsu relating to the building and installation of rooftop distributed solar photovoltaic power system for certain industrial customers are in their midway and they are expected to be completed and connected to the national electricity grid in early 2017. The construction of photovoltaic power station for a rural co-operative program in Xuyi, Jiangsu commenced this August and expected to be completed by second quarter of 2017. The projects in Liaoning and Shandong Provinces are still in the preparation stage and they are expected to be completed by second quarter of 2017.

The followings are the details of the Kahuer Group's subsidiaries:

Name	Operation status as at 27 May 2016	Major assets as at the 27 May 2016
Loydston	Investment holding	Investment in subsidiaries
Kaihe New Energy	Investment holding	Bank balances and cash
Zhenjiang Kaihe	Preparation work for construction of solar power station projects	Prepayment
Zhenjiang Kaipu	Dormant	Bank balances and cash
Zhenjiang Kaineng	Dormant	Bank balances and cash
Tianjin Kaihe	Investment holding	Bank balances and cash
Xuyi Shengneng	Preparation work for construction of solar power station projects	Prepayment

Name	Operation status as at the date hereof	Major assets as at the date hereof
Loydston	Investment holding	Investment in subsidiaries
Kaihe New Energy	Investment holding	Bank balances and cash
Zhenjiang Kaihe	Construction of solar power station projects	Prepayment, property, plant and equipment
Zhenjiang Kaipu	Dormant	Bank balances and cash
Zhenjiang Kaineng	Dormant	Bank balances and cash
Tianjin Kaihe	Investment holding	Bank balances and cash
Xuyi Shengneng	Construction of solar power station projects	Property, plant and equipment

During the year, the Group obtained a borrowing (the "**Borrowing**") amounting at RMB35,000,000 (equivalent to approximately S$6,820,423) (2015: Nil) from an independent third party for the working capital of the Kahuer Group. The Borrowing was secured by way of a pledge over (i) 35% share interest in Zhenjiang Kaihe, which is a non wholly-owned subsidiary of the Company established in China; and (ii) the assets of Zhenjiang Kaihe. The Borrowing is interest-bearing at 11.1% per annum for a fixed term of 2 years. Besides, the Kahuer Group committed to purchase raw materials from a supplier amounting to RMB4,500,000 (equivalent to approximately S$913,449). The purchase was secured by way of a pledge over 45% share interest in Xuyi Shengneng New Energy Company Limited, which is a non wholly-owned subsidiary of the Company established in China and is principally engaged in the construction and operation of solar power station projects.

The Group's solar power business segment will continue to explore new opportunity to expand its customer base so as to generate a stronger income stream to the Group in the long run. The Audit Committee agreed with the external auditor's view of disclaimer of opinion regarding the consolidated financial statements of the Group for the year ended 30 June 2016.

The Directors noted that the construction of the first solar power stations project is expected to be completed around December 2016 and Kahuer Group will generate sales by the first quarter of 2017. After the recognition of sales by the Kahuer Group, it is expected that the Company will be able to provide the relevant information or audit evidence to the auditors to address the Disclaimer Opinion. It is hopefully that the auditors will be able to evaluate the profit forecast of Kahuer Group and form a unmodified opinion on the consolidated financial statements for the financial year ending 30 June 2017.

Environmental Policy and Performance

Environmental conservation is always one of the Group's concerns. Although the Group does not establish a formal environmental policy, various measures have been implemented to encourage compliance with environmental legislation and promote awareness towards environmental protection to the employees. It implements green office practices such as double-sided printing and copying, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliances. To conserve the environment, the Company encourages staff to maintain electronic records in order to reduce paper consumption. The Group will review its environmental practices periodically and will consider implementing further eco-friendly measures and practices in the operation of the Group's businesses.

Compliance with Relevant Laws and Regulations

During the financial year, there was no evidence of non-compliance with the relevant laws and regulations that have significant impacts on the Group as far as the Board is aware.

Relationship with Employees, Customers and Suppliers

The Group is an equal opportunity employer and does not discriminate on the basis of personal characteristics. As at 30 June 2016, total number of employees of the Group was 193 (2015: 167) Employee handbooks outlined terms and conditions of employment, expectations for employees' behaviour and service delivery, employees' rights and benefits. We provide ongoing training and development opportunities to enhance employees' career progression.

The Group appreciates the importance of maintaining good relationship with its customers and suppliers to meet its immediate and long-term business goals. The Group values the feedback from customers through regular communication and address their concerns in a timely manner. For suppliers, the Group assures their performance for delivering quality sustainable products and services.

During the financial year ended 30 June 2016, there is no circumstance of any event between the Group and its employees, customers and suppliers which will have a significant impact on the Group's business and on which the Group's success depends.

Business Prospect

The growth outlook for Singapore has slightly weakened in 2016. The Ministry of Trade and Industry of Singapore announced that Singapore's economy grew by 2.0% in 2015 and the growth forecast for 2016 has narrowed to 1.0% to 1.5%. The public housing sector is the Group's principal line of business in Singapore is dependent on. The statistical highlights from The Housing and Development Board of Singapore reported the units of public residential completed in 2015/2016 was 24,163 (2014/2015: 30,169), representing a drop of 19.9% compared to that of last year. The Group's profit margin was further impaired by inflated cost and keen competition.

During the year, the Group has diversified its business to the construction, operation and sale of solar photovoltaic power stations in China in order to broaden its income stream. Yet, it takes time to nurture this business segment until it operates in its full scale. With the seasoned expertise engaged and their solid suppliers and consumers networks, the favourable PRC government policies on encouraging renewable energy consumption and the popularised of photovoltaic power generation in China, the Group remains cautious optimistic on the performance of this business segment in the long run.

The Group will continue to take prudent measures and explore opportunities in other new business areas in different territories with the aim of minimising the risk and optimising the value of the Group and our shareholders as a whole.

FINANCIAL REVIEW

The Group's revenue increased by 81.8% from S$11,826,488 for the financial year ended 30 June 2015 to S$21,501,034 for the financial year ended 30 June 2016. The increase was mainly due to projects with significant percentage of completion were recognised on a larger scale in Singapore. Profit attributable to owners of the Company amounted to S$3,984,635 which represented a year-on-year increase of 2.5% when compared with 2015. Basic earnings per share attributable to ordinary equity holders of the parent for the year maintained at S$0.61 cents when compared with 2015.

Revenue

For the financial year ended 30 June 2016, the business in Singapore remained the principal source of revenue of the Group. The Group's consolidated revenue recorded a substantial increase by 81.8% to S$21,501,034 (2015: S$11,826,488) as compared to that of last financial year. During the year, revenue generated from electrical engineering works for public residential projects comprised approximately 99.6% (2015: approximately 99.2%) of the Group's total revenue.

During the year, certain projects secured in prior years experienced a slowdown on worksite schedule which turned to pick up the progress of work done. Accordingly, more projects with significant percentage of completion was recognised and revenue of the Group boosted as compared to that of last financial year.

Profit

Gross profit for the financial year ended 30 June 2016 amounted to S$3,021,798, representing a decrease of 16.8% (2015: S$3,633,907) as compared to that of 2015. The decrease was mainly due to projects undertaken during the year recorded lower gross margin. Accordingly, gross margin of the Group dropped to 14.1% (2015: 30.7%). Gross margin of the Group may vary from individual project depending on its scale, complexity, specifications, timing and capacity to manage.

Profit attributable to owners of the Company for the year increased by 2.5% to S$3,984,635 (2015: S$3,887,451) and basic earnings per share attributable to ordinary equity holders of the parent for the year maintained at S0.61 cents (2015: S0.61 cents) primarily attributable to the fair value gain on the securities held-for-trading investments and the increase in share of results of joint ventures, offsetting the decrease in gross profit and increase in administrative and other expenses.

Cost of Sales

As a result of the increase in revenue and the increase in labour and material costs, cost of sales recorded a substantial increase of S$10,286,655 to S$18,479,236 (2015: S$8,192,581) when compared with that of 2015.

Other Income and Gains

Other income and gains amounted to S$2,562,882 (2015: S$613,952) was primarily derived from gain on fair value change of held-for-trading investments of S$2,315,440 (2015: S$Nil), which included listed securities in Hong Kong acquired by the Group during the financial year.

Administrative Expenses

Administrative expenses for the financial year increased by 40.1% to S$1,985,768 (2015: S$1,417,087) which was attributable to the increase in salaries and legal and professional fees.

Other Expenses

Other expenses for the financial year amounted to S$898,060 (2015: S$307,682), an increase of 191.9% when compared with that of 2015 principally resulting from the change in fair value of profit guarantee receivable.

Finance Costs

Finance costs for the financial year ended 30 June 2016 increased to S$39,114 (2015: S$258) as more bank charges were incurred in daily operating activities. The impact of finance costs was insignificant.

Share of Results of Joint Ventures

The Group's share of results of joint ventures increased by 37.9% to S$2,028,361 (2015: S$1,470,714) during the financial year. The increase in results contribution from joint ventures was mainly attributable to the improvement of operating performance with new projects secured and more projects with significant percentage of completion being recognised.

Share of Results of an Associate

As most of the projects secured by the associate company had significantly completed in the previous financial years and fewer projects are secured and performed during this financial year, the Group's share of results of an associate recorded a loss of S$118,107 (2015: a gain of S$267,858).

Income Tax

The effective tax rate applicable to the profit of the Group for the year ended 30 June 2016 was 12.8% (2015: 8.8%).

Financial Position

As at 30 June 2016, total assets of the Group were S$114,395,352 (30 June 2015: S$27,334,725), representing an increase of 318.5% as compared to that of 2015. In particular, current assets increased by 104.8% to S$44,875,184 (30 June 2015: S$21,912,222) and non-current assets increased by 1,182.1% to S$69,520,168 (30 June 2015: S$5,422,503). The significant increase in non-current assets was mainly attributable to the goodwill arising from the Acquisition and the prepayments for the acquisition of the remaining part of Kahuer Group. On the other hand, profit guarantee receivable arising from the Acquisition, the inventories of solar power stations under construction, together with the holding of Hong Kong listed securities for trading purpose strengthened the current assets of the Company as at the end of the financial year.

Total liabilities were S$22,957,723 (30 June 2015: S$4,246,963), an increase by 440.6% as compared to that of 2015. In particular, current liabilities were S$15,341,985 (30 June 2015: S$4,221,720), an increase of S$11,120,265 as compared to that of 2015, which was principally due to the issue of promissory notes and advances from related parties which led to higher payables. Non-current liabilities were S$7,615,738 (30 June 2015: S$25,243), an increase of S$7,590,495 as compared to that of 2015 as a result of the other borrowings. The deferred tax liabilities increased by 3,050.6% as a result of fair value adjustments arising from the Acquisition.

Total equity attributable to shareholders of the Company was S$91,437,629 (30 June 2015: S$23,087,762), an increase of S$68,349,867 as compared with that of 2015, primarily resulting from the share premium derived from the issuance of 120,000,000 shares as consideration for the Acquisition during the financial year.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the report by Ernst & Young, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 30 June 2016:

Basis for disclaimer of opinion

Acquisition of Kahuer Holding Co., Limited

As disclosed in Note 21 to the announcement, during the year, the Group acquired 60% equity interest in Kahuer Holding Co., Limited ("**Kahuer**") at an aggregate consideration of approximately HK$420 million (equivalent to S$74,394,615) (the "**Acquisition**"). Management considered that the Acquisition is a business combination.

Kahuer and its subsidiaries (hereafter collectively referred as "**Kahuer Group**") are principally engaged in the construction, operation and sale of solar power station projects in the People's Republic of China (PRC).

The directors of the Company had engaged a third party appraiser to assist them in preparing a cashflow forecast of Kahuer Group projects based on financial budgets covering a five-year period (the "**Forecast**") to determine the fair values of the identifiable assets and liabilities of Kahuer Group for the purpose of purchase price allocation at the date of Acquisition. The same forecast was used by the management for the purpose of year end impairment testing.

Kahuer Group was established less than one year and did not have any sales transactions since its establishment. There was no other reliable data available from other sources alternatively. In the absence of historical information and reliable documents supporting the inputs and assumptions used in the preparation of the Forecast, we were unable to evaluate the reasonableness of the Forecast.

(1) Identifiable assets and liabilities of Kahuer Group

As referred to in Note 21 to the announcement, included in the purchase price allocation were inventories of approximately S$3.5 million which were stated at fair value. Management determined the projected margin of these inventories based on the Forecast and derived the respective fair value. Deferred tax liabilities of approximately S$0.8 million was recognised which arose from the difference between the fair value and the carrying value of these inventories. As we were unable to ascertain the reasonableness of the Forecast, we were unable to ascertain whether these inventories and deferred tax liabilities were appropriately stated. Consequently, we were unable to ascertain whether the non-controlling interest of approximately S$1.0 million, being 40% of the net assets less liabilities of Kahuer Group at the date of acquisition, and the goodwill of approximately S$58 million, being the residual value from the purchase price allocation, were appropriately stated. Any adjustments found to be necessary would have an effect on the purchase price allocation of the Kahuer Group and the related disclosures.

(2) Impairment assessment of goodwill

Included in the consolidated financial statements as at 30 June 2016 was a goodwill of approximately S$57 million which arose from the Acquisition. As referred to in Note 10 to the announcement, the directors of the Company performed impairment assessment on this goodwill by comparing its carrying value to the respective recoverable amount of solar power station project cash-generating unit and concluded that the goodwill was not impaired. The recoverable amount was determined from the Forecast. As we were unable to evaluate the reasonableness of the Forecast, we were unable to ascertain whether the recoverable amount was reliably determined and whether the goodwill was impaired. Any adjustments found to be necessary would have an effect on the net assets of the Group at 30 June 2016 and net profit of the Group for the year then ended.

(3) Fair value of profit guarantee receivable

Included in the consolidated financial statements as at 30 June 2016 was a profit guarantee receivable of approximately S$9 million which arose from the Acquisition (Note 16). This balance was stated at fair value which was determined by an external appraiser. This balance arose from the Acquisition and its initial recognised balance was approximately S$9.6 million. This balance was derived from the same data input used in the Forecast but a different methodology model was applied by the external appraiser. In the absence of historical information and reliable documents supporting the inputs used in the preparation of the Forecast, we were unable to ascertain the reasonableness of this profit guarantee receivable. Any adjustments found to be necessary would have an effect on the profit guarantee receivable, and consequently the net assets of the Group at 30 June 2016, and any changes of the fair value would have an effect on the net profit of the Group for the year then ended.

(4) Prepayments for acquisition of subsidiaries

Included in the consolidated financial statements as at 30 June 2016 was a long term prepayment for acquisition of subsidiaries of approximately S$4.7 million which arose from the Acquisition (Note 17). Further details of this balance are set out in Note 21 to the announcement. As referred therein, there were two entities (namely 青島啟光新能源發電有限公司 and 昌樂中興開合光伏發電有限公司) which formed part of the Acquisition, their legal ownership had not been transferred to the Group until the completion of a series of reorganisation steps. Accordingly, the directors of the Company had made provisional allocation of the consideration of the Acquisition to these two entities. The allocation was made by reference to the Forecast using the attributable data input of these two entities in the Forecast. However, in the absence of historical information and reliable documents supporting the inputs used in the preparation of the Forecast, we were unable to ascertain whether the allocation basis was appropriate and consequently, whether the long term prepayments for acquisition of subsidiaries were appropriately stated, and consequently the net assets of the Group at 30 June 2016.

Disclaimer of opinion

Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2016

	Notes	2016 S$	2015 S$
REVENUE	4	**21,501,034**	11,826,488
Cost of sales		**(18,479,236)**	(8,192,581)
Gross profit		**3,021,798**	3,633,907
Other income and gains	5	**2,562,882**	613,952
Administrative expenses		**(1,985,768)**	(1,417,087)
Other expenses		**(898,060)**	(307,682)
Finance costs	6	**(39,114)**	(258)
Share of results of joint ventures		**2,028,361**	1,470,714
Share of results of an associate		**(118,107)**	267,858
PROFIT BEFORE TAX	7	**4,571,992**	4,261,404
Income tax expense	8	**(587,357)**	(373,953)
PROFIT FOR THE YEAR		**3,984,635**	3,887,451
ATTRIBUTABLE TO			
Owners of the parent		**3,982,201**	3,887,451
Non-controlling interests		**2,434**	–
		3,984,635	3,887,451
PROFIT FOR THE YEAR		**3,984,635**	3,887,451
Exchange differences on translation of foreign operations		**(1,498,545)**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2,486,090**	3,887,451
ATTRIBUTABLE TO			
Owners of the parent		**2,483,656**	3,887,451
Non-controlling interests		**2,434**	–
		2,486,090	3,887,451
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (S$ cents)	9	**0.61**	0.61

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Notes	2016 S$	2015 S$
NON-CURRENT ASSETS			
Goodwill	10	**57,354,883**	–
Prepayments for acquisition of subsidiaries	17	**4,665,245**	–
Interests in joint ventures	11	**4,596,337**	2,867,976
Interests in an associate	12	**448,551**	541,658
Plant and equipment		**515,477**	390,512
Trade and other receivables	15	**1,939,675**	1,622,357
Total non-current assets		**69,520,168**	5,422,503
CURRENT ASSETS			
Gross amount due from customers for contract work in progress	13	**2,534,536**	2,463,996
Inventories	14	**4,111,592**	46,630
Trade receivables, deposits and other receivables	15	**4,056,613**	1,746,016
Profit guarantee receivable	16	**8,949,777**	–
Prepayments	17	**6,793,574**	26,826
Held-for-trading investments	18	**5,756,891**	–
Cash and cash equivalents		**12,672,201**	17,628,754
Total current assets		**44,875,184**	21,912,222
CURRENT LIABILITIES			
Income tax payable		**570,227**	364,918
Trade and other payables	19	**14,771,758**	3,856,802
Total current liabilities		**15,341,985**	4,221,720
NET CURRENT ASSETS		**29,533,199**	17,690,502
TOTAL ASSETS LESS CURRENT LIABILITIES		**99,053,367**	23,113,005
NON-CURRENT LIABILITIES			
Interest-bearing borrowings	20	**6,820,423**	–
Deferred tax liabilities		**795,315**	25,243
Total non-current liabilities		**7,615,738**	25,243
Net assets		**91,437,629**	23,087,762
EQUITY			
Share capital		**1,261,436**	1,048,880
Reserves		**89,139,575**	22,038,882
		90,401,011	23,087,762
Non-controlling interests		**1,036,618**	–
Total equity		**91,437,629**	23,087,762

NOTES

1. CORPORATE AND GROUP INFORMATION

Kingbo Strike Limited (the "**Company**") was incorporated in the Cayman Islands on 19 June 2013 as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The Company's registered office address is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under the Companies Ordinance of Hong Kong on 5 September 2013 and the principal place of business in Hong Kong registered is at Unit 4408, 44th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the provision of electrical engineering services in Singapore and the construction, operation and sale of solar power station projects in the People's Republic of China (the "**PRC**").

Information about subsidiaries

Particulars of the Company's subsidiaries as at 30 June 2016 are as follows:

Name	Place of incorporation and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			Direct	**Indirect**	Direct	Indirect	
			2016		2015		
Strike Electrical Engineering Pte Ltd	Singapore	S$1,510,000	**100**	**–**	100	–	Electrical works and general building engineering services
Triple Treasure Global Limited	British Virgin Islands ("**BVI**")	US$1	**100**	**–**	100	–	Investment holding
Capital Asia Investment Limited	Hong Kong	HK$1	**–**	**100**	–	100	Investment holding
Marvel Skill Holdings Limited	BVI	US$50,000	**100**	**–**	–	–	Investment holding
Kahuer Holding Co., Limited	BVI	US$50,000	**–**	**60**	–	–	Investment holding
Loydston International Limited	Hong Kong	HK$500,000	**–**	**60**	–	–	Investment holding
開合新能源(鎮江)有限公司 (Kaihe New Energy (Zhenjiang) Company Limited) ("**Kaihe New Energy**")	PRC	RMB755,316	**–**	**60**	–	–	Construction, operation and sale of solar power station projects
鎮江開普光伏發電有限公司 (Zhenjiang Kaipu Photovoltaic Power Company Limited) ("**Zhenjiang Kaipu**")	PRC	RMB10,000	**–**	**60**	–	–	Construction, operation and sale of solar power station projects

Name	Place of incorporation and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			Direct	**Indirect**	Direct	Indirect	
			2016		2015		
鎮江開能光伏發電有限公司 (Zhenjiang Kaineng Photovoltaic Power Company Limited) ("**Zhenjiang Kaineng**")	PRC	RMB10,000	**–**	**60**	–	–	Construction, operation and sale of solar power station projects
鎮江開合光伏發電有限公司 (Zhenjiang Kaihe Photovoltaic Power Company Limited) ("**Zhenjiang Kaihe**")	PRC	RMB10,000	**–**	**60**	–	–	Construction, operation and sale of solar power station projects
天津開合光伏能源科技有限公司 (Tianjin Kaihe Photovoltaic Energy Technology Company Limited) ("**Tianjin Kaihe**")	PRC	RMB1,000,000	**–**	**60**	–	–	Construction, operation and sale of solar power station projects
盱眙盛能新能源有限公司 (Xuyi Shengneng New Energy Company Limited) ("**Xuyi Shengneng**")	PRC	RMB400,000	**–**	**60**	–	–	Construction, operation and sale of solar power station projects

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements to IFRSs 2010-2012 Cycle	
Annual Improvements to IFRSs 2011-2013 Cycle	

Other than as explained below regarding the impact of standards, the adoption of the above revised standards has had no significant financial effect on these financial statements.

(a) Amendments to IAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The Annual Improvements to *IFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- IFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- IAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The Annual Improvements to *IFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- IFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of IFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- IFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 or IAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which IFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in IFRS 13.

- IAS 40 *Investment Property*: Clarifies that IFRS 3, instead of the description of ancillary services in IAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as there was no investment properties of the Group and so this amendment is not applicable.

2.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs

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

IFRS 9	*Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to IFRS 11	*Joint Arrangements: Accounting for Acquisitions*[1]
IFRS 14	*Regulatory Deferral Accounts*[3]
IFRS 15	*Revenue from Contracts with Customer*[2]
Amendments to IAS 1	*Disclosure initiative*[1]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	*Amendments to a number of IFRSs*[1]

1 Effective for annual periods beginning on or after 1 July 2016

2 Effective for annual periods beginning on or after 1 January 2018

3 Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 July 2016 and therefore is not applicable to the Group

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

IFRS 9 *Financial Instruments*

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The Group is currently assessing the impact of the standard upon adoption and expects that the adoption of IFRS 9 will have an impact on the classification and measurement of the Group's financial assets.

Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 July 2016.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: ***Applying the Consolidation Exception***

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 July 2016.

Amendments to IFRS 11 Joint Arrangements: ***Accounting for Acquisitions of Interests***

The amendments to IFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in IFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 July 2016.

IFRS 14 ***Regulatory Deferral Accounts***

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-timing adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate items in the statement of profit or loss and Other Comprehensive Income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statement IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer and is not involved in any rate-regulated activities. This standard does not apply.

IFRS 15 ***Revenue from Contracts with Customers***

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Amendments to IAS 1 ***Disclosure Initiative***

Amendments to IAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in IAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 July 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 and IAS 38: ***Clarification of Acceptable Methods of Depreciation and Amortisation***

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 July 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

Amendments to IAS 27: ***Equity Method in Separate Financial Statements***

Amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing change to the equity method in their separate financial statements will have to apply that change retrospectively. First-time adopter of IFRS electing to use the equity method in their separate financial statements will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Group's consolidated financial statements.

Annual Improvements 2012-2014 Cycle

(The Annual Improvements to IFRSs 2012-2014 Cycle are effective from annual periods beginning on or after 1 January 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IFRS 7 Financial Instruments: Disclosures

(i) *Servicing contracts*

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) *Applicability of the amendments to IFRS 7 to condensed interim financial statements*

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

3. SEGMENT INFORMATION

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

(a) provision of electrical engineering services ("**engineering services**"); and

(b) construction, operation and sale of solar power station projects ("**solar power business**").

Management considers the business from product type perspective. Management monitors the results of provision of electrical engineering services and construction, operation and sale of solar power station projects separately for the purpose of making decisions about resources allocation and performance assessment. Management was of the view that these two 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.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 30 June 2016	**Engineering services** *S$*	**Solar power business** *S$*	**Total** *S$*
Segment revenue:			
Sales to external customers	21,501,034	–	21,501,034
Segment results:	3,902,051	(6,085)	3,895,966
Unallocated gains			2,479,158
Corporate and other unallocated expenses			(1,803,132)
Profit before tax			4,571,992
Segment assets:	17,602,345	82,649,622	100,251,967
Corporate and other unallocated assets			14,143,385
Total assets			114,395,352
Segment liabilities:	7,120,956	15,239,137	22,360,093
Corporate and other unallocated liabilities			597,630
Total liabilities			22,957,723

Year ended 30 June 2015	Engineering services S$	Solar power business S$	Total S$
Segment revenue:			
Sales to external customers	11,826,488	–	11,826,488
Segment results:	4,261,404	–	4,261,404
Unallocated gains			–
Corporate and other unallocated expenses			–
Profit before tax			4,261,404
Segment assets:	27,334,725	–	27,334,725
Corporate and other unallocated assets			–
Total assets			27,334,725
Segment liabilities:	4,246,963	–	4,246,963
Corporate and other unallocated liabilities			–
Total liabilities			4,246,963

Geographical information

(a) Revenue from external customers

	2016 *S$*	2015 *S$*
Singapore	**21,501,034**	11,826,488

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

(b) Non-current assets

	2016 *S$*	2015 *S$*
Hong Kong	**122,748**	–
Singapore	**7,377,292**	5,422,503
Mainland China	**62,020,128**	–
	69,520,168	5,422,503

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

There are 4 (2015: 3) customers from whom the individual revenue has amounted to more than 10% of the Group's revenue. Revenue from these customers amounted to approximately S$9,136,000 (2015: S$1,446,000), S$5,077,000 (2015: S$2,904,000), S$3,112,000 (2015: S$152,000) and S$2,865,000 (2015: S$954,000) respectively.

4. REVENUE

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

	2016	2015
	S$	*S$*
Contract revenue from provision of electrical engineering services	**21,501,034**	11,826,488

5. OTHER INCOME AND GAINS

	2016	2015
	S$	*S$*
Foreign exchange differences	**169,205**	534,806
Bank interest income	**5,080**	34,671
Incentives from the Singapore Government *(note)*	**67,142**	40,875
Fair value gain on held-for-trading investment	**2,315,440**	–
Gain on disposal of plant and equipment	**2,415**	–
Others	**3,600**	3,600
	2,562,882	613,952

note:

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.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2016	2015
	S$	*S$*
Bank charges	**39,114**	258
Interest on interest-bearing borrowings	**63,584**	–
Total	**102,698**	258
Less: interest capitalised	**(63,584)**	–
	39,114	258

7. PROFIT BEFORE TAX

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

		2016 *S$*	2015 *S$*
(a)	Cost of services provided	**18,479,236**	8,192,581
	Auditors' remuneration	**225,467**	154,000
	Depreciation of plant and equipment	**95,316**	90,071
	Loss on plant and equipment written off	**792**	2,202
	(Gain)/loss on disposal of plant and equipment	**(2,415)**	10,036
	Minimum lease payments under operating leases	**383,167**	330,580
	Legal and professional expenses	**354,688**	206,329
	Employee benefits *(refer to (b) below)*	**4,503,097**	3,398,871
(b)	Employee benefits (including Directors' remuneration):		
	– Directors' fees	**211,048**	85,000
	– Salaries, wages and bonuses	**4,080,218**	3,125,375
	– Pension scheme contributions	**211,831**	188,496
		4,503,097	3,398,871
(c)	Fair value gain on held-for-trading investments	**(2,315,440)**	–
	Fair value loss on profit guarantee receivable *(Note 16)*	**642,877**	–

8. 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 assessible profits arising in Hong Kong subject to 16.5% tax rate in Hong Kong and profits of the subsidiary in Singapore which were taxed at a statutory tax rate of 17%.

	2016 *S$*	2015 *S$*
Current – Singapore		
– Charge for the year	**250,563**	364,918
– Under-provision in respect of previous years	**4,206**	–
Current – Hong Kong	**319,664**	–
Deferred	**12,924**	9,035
Total tax charge for the year	**587,357**	373,953

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

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

The calculations of basic earnings per share are based on:

	2016	2015
	S$	*S$*
Earnings		
Profit attributable to equity holders of the parent, used in the basic earnings per share calculation	**3,982,201**	3,887,451
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculations	**651,475,410**	640,000,000
Basic earnings per share (S$ cents)	**0.61**	0.61

The Group had no potentially dilutive ordinary shares (2015: Nil) in issue during the year.

10. GOODWILL

	S$
Acquisition of subsidiaries at 27 May 2016 *(Note 21)*	58,365,557
Exchange realignment	(1,010,674)
Cost and net carrying amount at 30 June 2016	57,354,883

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to construction, operation and sale of solar power station projects cash-generating unit for impairment testing.

The recoverable amount of the construction, operation and sale of solar power station projects cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 23.76%. The compound annual growth rate used to extrapolate the cash flows of the solar power industry for the first five-year period is 13.40%. The growth rate used to extrapolate the cash flows of the solar power industry beyond the five-year period is negative 5%.

The carrying amount of goodwill allocated to cash-generating unit is as follows:

	Construction, operation and sale of solar power station projects 2016
	S$
Carrying amount of goodwill	**57,354,883**

Assumptions were used in the value in use calculation of the construction, operation and sale of solar power station projects cash-generating unit for 30 June 2016. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Forecast revenue – the basis used to determine the value assigned to the forecast revenue is the forecast revenue from the construction, operation and sale of solar power station projects which the Group has signed certain framework agreements.

Budgeted cost of sales – The budgeted cost of sales have been determined based on management's expected procurement costs for the construction, operation and sale of solar power station projects.

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

11. INTERESTS IN JOINT VENTURES

	2016	2015
	S$	*S$*
Unlisted shares, at cost	**375,000**	375,000
Share of post-acquisition reserves	**4,221,337**	2,492,976
Share of net assets	**4,596,337**	2,867,976

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

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

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

12. INTERESTS IN AN ASSOCIATE

	2016	2015
	S$	*S$*
Unlisted shares, at cost	**125,000**	100,000
Share of post-acquisition reserves	**323,551**	441,658
Share of net assets	**448,551**	541,658

Particulars of the associate are as follows:

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

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

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

	2016	2015
	S$	*S$*
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	**79,993,858**	83,382,995
Less: Progress billings	**(77,459,322)**	(80,918,999)
	2,534,536	2,463,996
Presented as:		
Gross amount due from customers for contract work in progress	**2,534,536**	2,463,996

As at 30 June 2016 and 2015, there were no advances received from customers for contract work in progress.

14. INVENTORIES

	2016	2015
	S$	*S$*
Raw materials	**30,920**	46,630
Work in progress – construction of solar power station projects	**4,080,672**	–
	4,111,592	46,630

* The unofficial English transliterations are for identification purposes only.

15. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

	2016	2015
	S$	*S$*
Trade receivables (non-current):		
Retention sum receivables	**1,871,675**	1,542,357
Other receivables (non-current):		
Advances to staff	**68,000**	80,000
Total trade and other receivables (non-current)	**1,939,675**	1,622,357
Trade receivables (current):		
Third parties	**1,986,037**	714,679
Retention sum receivables	**1,835,712**	954,957
	3,821,749	1,669,636
Other receivables (current):		
Advances to staff	**87,257**	18,350
Deposits	**143,553**	58,030
Others	**4,054**	-
	234,864	76,380
Total trade receivables, deposits and other receivables *(current)*	**4,056,613**	1,746,016

Retention sum receivables refer to a retention sum which will be partially billed upon the practical completion of the Groups' projects, and the balance shall be billed upon the final completion of the Group's projects. Retention sum receivables are non-interest bearing and on terms based on the respective contracts' retention periods.

Advances to staff are unsecured and non-interest bearing. Non-current amounts have an average maturity of 1.5 years (2015: 2.5 years).

Trade receivables

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

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

	2016	2015
	S$	*S$*
Less than 30 days	**1,636,929**	714,679
30 to 60 days	**312,204**	–
More than 60 days	**36,904**	–
	1,986,037	714,679

As at 30 June 2016 and 2015, the Group's trade receivables were not impaired. The aging analysis of the trade receivables (excluding retention sum receivables) that are neither individually nor collectively considered to be impaired is as follows:

	2016	2015
	$	*$*
Neither past due nor impaired	**1,636,929**	714,679
Less than 30 days past due	**312,204**	–
30 to 60 days past due	**5,297**	–
More than 60 days past due	**31,607**	–
	1,986,037	714,679

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experiences, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality of the customers and the balances are still considered to be fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

16. PROFIT GUARANTEE RECEIVABLE

	S$
Profit guarantee receivable recognised at acquisition date of 27 May 2016 *(Note 21)*	9,592,654
Fair value loss on profit guarantee receivable *(Note 7(c))*	(642,877)
	8,949,777

At 30 June 2016, the fair value of the profit guarantee receivable was determined by Peak Vision Appraisals Limited, an independent professionally qualified appraiser, at RMB44,090,000 (equivalent to S$8,949,777).

17. PREPAYMENTS

	2016	2015
	S$	*S$*
Prepayment (non-current):		
Prepayment for acquisition of subsidiaries	**4,665,245**	–
Prepayments (current)	**6,793,574**	26,826
Total prepayments	**11,458,819**	26,826

At 30 June 2016, the Group's prepayments with a carrying amount of $6,698,630 (2015: Nil) to purchase the raw materials were pledged as security for the Group's interest-bearing borrowings, as further detailed in Note 20 to the financial statements.

18. HELD-FOR-TRADING INVESTMENTS

	2016	2015
	S$	*S$*
Listed securities held-for-trading, at fair value:		
Equity securities listed in Hong Kong	**5,756,891**	–

The above equity investments at 30 June 2016 were classified as held-for-trading investments and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

Details of the Group's investments at fair value through profit or loss are as follows:

Stock code	**Company name**	**Percentage of shareholding as at 30 June 2016**	**Market value as at 30 June 2016**	**Approximate percentage to the Group's net assets as at 30 June 2016**	**Change in fair value of held-for-trading investments for the year ended 30 June 2016**	**Approximate percentage of change in fair value of held-for-trading investments for the year ended 30 June 2016**
		%	***S$***	***%***	***S$***	***%***
8097	Pinestone Capital Limited	0.00728	5,756,891	6.30	2,315,440	67.28

The market value of the Group's listed equity investments as at the date of approval of these financial statements was approximately S$2,233,661.

19. TRADE AND OTHER PAYABLES

	2016	2015
	S$	*S$*
Trade payables:		
Third parties	**1,019,300**	927,344
Amounts due to a related company	**–**	9,309
	1,019,300	936,653
Accruals for project costs	**5,337,512**	2,477,899
Other payables:		
Promissory notes payable	**6,022,421**	–
Accrued liabilities	**511,159**	379,462
GST payable	**238,268**	62,788
Due to related parties	**1,565,541**	–
Others	**77,557**	–
	8,414,946	442,250
Total	**14,771,758**	3,856,802

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

Trade payables/other payables

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

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

	2016	2015
	S$	*S$*
Trade payables:		
Less than 90 days	**1,019,300**	936,439
90 to 180 days	**–**	214
	1,019,300	936,653

20. INTEREST-BEARING BORROWINGS

	2016			2015		
	Effective interest rate (%)	**Maturity**	**S$**	Effective interest rate (%)	Maturity	S$
Non-current						
Secured loan	**11.08**	**May 2018**	**6,820,423**	–	–	–

	2016	2015
	S$	S$
Analysed into:		
Borrowings repayable in the second year	**6,820,423**	–

As at 30 June 2016, the Group has borrowings from a finance leasing company in the PRC, which is used for financing the purchases of raw materials by the Group. The borrowings are secured by the raw materials to be purchased by the Group according to the sales and purchase agreement entered into by the Group with its supplier, and 35% shares of Zhenjiang Kaihe. In addition, the borrowings are guaranteed by a customer of a subsidiary and an individual shareholder of the Eternal Green Group Limited ("**Eternal Green**").

21. BUSINESS COMBINATION

On 27 May 2016, the Group acquired 60% equity interests (the "**Acquisition**") in Kahuer Holding Co., Limited ("**Kahuer**") and its wholly-owned subsidiaries (together the "**Kahuer Group**"), which are principally engaged in the construction, operation and sale of solar power station projects in the PRC from Eternal Green. The Acquisition was made as part of the Group's strategy to diversify its business to solar power industry in the PRC. The consideration for the Acquisition was HK$450,000,000 (equivalent to approximately S$79,708,515) by the Group, in the form of (a) cash of HK$20,000,000 (equivalent to approximately S$3,542,601) paid as deposits upon the signing of the memorandum of understanding in relation to the Acquisition on 10 March 2016; (b) 120,000,000 newly-issued ordinary shares of the Company credited as fully paid; and (c) promissory notes (the "**Promissory Notes**") of HK$34,000,000 (equivalent to approximately S$6,022,421). As at the acquisition date, the closing price of the Company's shares was HK$3.05 per share and, accordingly, the fair value of the total consideration was calculated as HK$420,000,000 (equivalent to approximately S$74,394,615).

Pursuant to the SPA, the consideration is subject to a compensation of up to RMB144,000,000 (equivalent to approximately S$30,608,341) subject to Kahuer Group's financial performance during the 12-month period subsequent to the Acquisition. Further details are set out in the Company's announcements dated 10 March 2016 and 11 May 2016.

As at 27 May 2016, the subsidiaries acquired included Loydston International Limited ("**Loydston**"), Kaihe New Energy, Zhenjiang Kaipu, Zhenjiang Kaineng, Zhenjiang Kaihe, Tianjin Kaihe and Xuyi Shengneng. According to the SPA, there will be a reorgnisation of Kahuer Group within six months after the completion day or such later day as the Company and Eternal Green Group Limited (as vendor) may agree (the "**Reorganisation**"). Upon completion of the Reorganisation, the entire equity interest of 青島啟光新能源發電有限公司 (Qingdao Qiguang New Energy Electricity Company Limited)* ("**Qingdao Qiguang**") and 昌樂中興開合光伏發電有限公司 (Changle Zhongxing Photovoltaic Energy Company Limited)* ("**Changle Zhongxing**") will be transferred to Tianjin Kaihe. Qingdao Qiguang and Changle Zhongxing were established in the PRC with limited liability and are engaged in the construction, operation and sale of solar power station projects.

Accordingly, the Group had not obtained the control of Qingdao Qiguang and Changle Zhongxing before the completion of Reorganisation. The acquisition completed on 27 May 2016 included Loydston, Kaihe New Energy, Zhenjiang Kaihe, Zhenjiang Kaipu, Zhenjiang Kaineng, Tianjin Kaihe and Xuyi Shengneng and did not include Qingdao Qiguang and Changle Zhongxing. As at 30 June 2016, the management had made provisional allocations of the consideration to the acquisition completed on 27 May 2016 and the acquisition of Qingdao Qiguang and Changle Zhongxing to be completed at a later date using their best estimate, which will be subject to the completion of Reorganisation. Accordingly, an amount of RMB22,982,774 (equivalent to approximately S$4,885,129) has been allocated and is attributable to the future acquisition of Qingdao Qiguang and Changle Zhongxing and such amount has been presented as prepayments for the acquisition of subsidiaries in the financial statements.

The Group has elected to measure the non-controlling interest in Kahuer Group at the non-controlling interest's proportionate share of Kahuer Group identifiable net assets.

The fair values of the identifiable assets and liabilities of Kahuer Group excluding Qingdao Qiguang and Chengle Zhongxing as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	S$
Inventories – materials	289,342
Inventories – contracts	3,171,335
Prepayments	6,891,170
Cash and cash equivalents	351,580
Deferred tax liabilities	(792,834)
Interest-bearing borrowings	(7,141,883)
Trade and other payables	(183,251)
Total acquired identifiable net assets at fair value	2,585,459
Non-controlling interests	(1,034,184)
Goodwill on acquisition *(Note 10)*	58,365,557
	59,916,832
Consideration:	
Paid in cash	3,542,601
Issued shares *(note (a))*	64,829,593
Promissory note payable	6,022,421
Fair value of consideration	74,394,615
Fair value of profit guarantee receivable *(Note 16)*	(9,592,654)
Prepayments for acquisitions of subsidiaries *(note (b))*	(4,885,129)
	59,916,832

notes:

(a) The fair value of these issued shares was calculated at price of HK$3.05 per share, which was the closing price of the shares of the Company on the acquisition date.

(b) The balance is a provisional amount of the consideration allocation to Qingdao Qiguang and Changle Zhongxing which have not been acquired as at the date of acquisition.

The Group incurred transaction costs of S$170,090 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

None of the goodwill recognised is expected to be deductible for income tax purposes.

The initial fair value of profit guarantee receivable was RMB45,130,000 (equivalent to approximately S$9,592,654), which was determined using the discounted cash flow model and is within Level 3 fair value measurement. Such negative consideration is due for final measurement and receipt from the former shareholders after 12 months subsequent to the Acquisition.

Significant unobservable valuation inputs for the fair value measurement of profit guarantee receivable is as follows:

Projected profit before tax of Kahuer Group (including Qingdao Qiguang and Changle Zhongxing)	RMB100,419,311
Discount rate	2.34%

A significant increase/(decrease) in the profit before tax of Kahuer Group would result in a significant decrease/(increase) in the fair value of the profit guarantee receivable. A significant increase/(decrease) in the discount rate would result in a significant increase/(decrease) in the fair value of the profit guarantee receivable.

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	S$
Cash consideration	**(3,542,601)**
Cash and cash equivalents acquired	**351,580**
Net outflow of cash and cash equivalents included in cash flows from investing activities	**(3,191,021)**
Paid transaction costs of the acquisition included in cash flows from operating activities	**(104,047)**
	(3,295,068)

Since the acquisition, Kahuer Group contributed S$Nil to the Group's revenue and caused a net loss of S$6,085 to the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2016.

Had the combination taken place at the beginning of the financial year, the revenue and the profit of the Group for the year would have been S$21,501,034 and S$3,981,255, respectively.

CORPORATE GOVERNANCE

Kingbo Strike Limited (the "**Company**", together with its subsidiaries, the "**Group**") is committed to enhancing the corporate governance and transparency of the Group by applying the principles in the code provisions of the 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 "**Exchange**"). The board (the "**Board**") of directors (the "**Directors**") of the Company reviews its corporate governance practices from time to time in order to meet the rising expectations of shareholders and comply with increasingly stringent regulatory requirements and to fulfill its commitment to maintain a high standard of corporate governance. To the best knowledge and belief of the Directors, the Company has complied with all applicable code provisions of the CG Code throughout the financial year ended 30 June 2016, save and except for the deviations from code provisions A.2.7 and A.6.7.

Code provision A.2.7 of the CG Code provides that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. Taking into account the Chairman, Mr. Peng Rongwu is also an executive Director of the Company (the "**Executive Director**"), no meeting shall therefore be held between the chairman (the "**Chairman**") and the non-executive Directors of the Company (the "**Non-executive Directors**") without the Executive Directors present.

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. The independent non-executive directors of the Company (the "**Independent Non-executive Directors**") were unable to attend the annual general meeting of the Company held on 13 November 2015 due to their other business engagements.

The audit committee of the Company (the "**Audit Committee**") comprises wholly non-executive Directors of the Company (the "Non-executive Director"), amongst whom three are independent. The Audit Committee has reviewed with the management of the Company and the external auditor, Ernst & Young, the accounting principles and practices adopted by the Group and also discussed auditing, internal controls and financial reporting matters including the review of the Group's audited consolidated financial statements for the financial year ended 30 June 2016.

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

For the financial year ended 30 June 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Subsequent to the balance sheet date, Mr. Peng Rongwu ("**Mr. Peng**"), the Chairman and Executive Director has dealt with the securities of the Company during black-out period as a result of forced liquidations (the "**Forced Liquidations**") by the brokers under his securities margin accounts on 28 July 2016, 29 July 2016 and 1 August 2016 respectively. After the Forced Liquidations, Mr. Peng's shareholding interests in the Company reduced from approximately 11.2% to approximately 4.5%. The Directors, who are not interested in the Forced Liquidations satisfied that the Forced Liquidations were exceptional circumstances under paragraph C.14 of the Model Code.

Save as disclosed above and having made specific enquiry, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code for the financial year ended 30 June 2016 and up to the date of this announcement.

PROPOSED FINAL DIVIDEND AND ANNUAL GENERAL MEETING

The Board did not recommend the payment of a final dividend for the financial year ended 30 June 2016.

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 2016 will be despatched to the Shareholders and make available on the abovementioned websites in due course.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 30 September 2016 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 21 December 2016.

By Order of the Board
Peng Rongwu
Chairman and Executive Director

Hong Kong, 20 December 2016

As at the date of this announcement, the executive Directors are Mr. Peng Rongwu, Mr. Yeo Jiew Yew and Mr. Wong Kee Chung, the non-executive Director is Mr. Tam Tak Wah, the independent non-executive Directors are Mr. Lam Kwan Yau Gilbert, Mr. Leung Po Hon and Mr. Ng Wai Hung.