Kingbo Strike Limited

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

ANNUAL REPORT 2013/14

Contents

Corporate Information

Company Name	Kingbo Strike Limited
Registered Office	Codan Trust Company (Cayman) Limited Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarter and Principal Place of Business	22 Tagore Lane Singapore 787480
Principal Place of Business in Hong Kong	19th Floor, Prosperity Tower 39 Queen's Road Central Central Hong Kong
Website of the Company	www.kingbostrike.com
Telephone	(65) 6455 3922
Fax	(65) 6455 7322
Enquiry Email	contact@kingbostrike.com
Financial Year End	30 June
Board of Directors	**Executive Directors** Mr Yeo Jiew Yew *(Managing director)* Mr Sim Yew Heng **Independent Non-Executive Directors** Mr Ng Tiow Swee *(Chairman)* Ms Wong Siew Chuan Mr Chen Jianyuan, Edwin
Company Secretary	Mr Li Chi Chung, Solicitor, Hong Kong 19th Floor, Prosperity Tower 39 Queen's Road Central Central Hong Kong
Authorised representatives	Mr Li Chi Chung, Solicitor, Hong Kong Mr Yeo Jiew Yew
Audit Committee	Ms Wong Siew Chuan *(Chairman)* Mr Ng Tiow Swee Mr Chen Jianyuan, Edwin
Remuneration Committee	Mr Ng Tiow Swee *(Chairman)* Mr Chen Jianyuan, Edwin Mr Yeo Jiew Yew

Nomination Committee	Mr Ng Tiow Swee *(Chairman)* Ms Wong Siew Chuan Mr Yeo Jiew Yew
Principal Share Registrar and Transfer Office in the Cayman Islands	Codan Trust Company (Cayman) Limited Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Branch Share Registrar and Transfer Office in Hong Kong	Union Registrars Limited 18th Floor, Fook Lee Commercial Centre Town Place, 33 Lockhart Road Wanchai Hong Kong
Compliance Adviser	Grand Vinco Capital Limited Units 4909–4910 49th Floor, The Center 99 Queen's Road Central Hong Kong
Auditors	Ernst & Young *Certified Public Accountants* 22/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Principal Banker	Standard Chartered Bank (Hong Kong) Limited Standard Chartered Bank (Singapore) Limited
Place of Ordinary Share Listing	Main Board of The Stock Exchange of Hong Kong Limited
Stock Code	1421
Board lot size	5,000 shares
Listing Date	30 December 2013

Chairman's Statement

Kingbo Strike Limited (the "Company") was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 30 December 2013 (the "Listing"). At HK$0.50 per share, the offering of 160 million shares garnered strong interest from the market. The successful Listing attested to shareholders' confidence in the Group's fundamental, business models and strategies.

On behalf of the board (the "Board") of directors ("Directors") of the Company and its subsidiary (collectively, the "Group"), I am pleased to present to you the annual report and the audited financial statements of the Group for the year ended 30 June 2014.

RESULTS

The Group posted a turnover of approximately S$22.6 million for the year ended 30 June 2014 as compared to approximately S$18.7 million reported for the year ended 30 June 2013, an increase of approximately 20.9% or approximately S$3.9 million. The increase is mainly attributed to favourable construction progress of our projects.

Gross profit margin achieved for the year ended 30 June 2014 was approximately 40.3%, which was marginally deviated from approximately 44.4% recorded for the year ended 30 June 2013, the decrease is mainly contributed by higher revenue recorded from those lower valued-added projects.

Expenses increased by approximately S$1.7 million to approximately S$3.1 million for the year ended 30 June 2014, up from approximately S$1.4 million for the year ended 30 June 2013 which was mainly due to one-time approximately S$1.1 million Listing expenses incurred for the year ended 30 June 2014. The Group reported a lower net profit after tax of approximately S$5.7 million for the year ended 30 June 2014 as compared to approximately S$6.5 million reported for the year ended 30 June 2013.

The Group has a total outstanding project pipeline amounting to approximately S$41 million as at 30 June 2014.

OUTLOOK

The Ministry of Trade and Industry of Singapore announced that the Singapore economy is expected to grow by 2.5% to 3.5% in 2014. However, property market sentiments will remain cautious as various cooling measures and lending curbs introduced in 2013 are unlikely to be reviewed or revised in near terms. These negative sentiments might have significant impacts on construction sector in Singapore eventually. The growth in the construction sector, moderated from 6.4% in Q1 2014 to 4.4 % in Q2 2014 as compared to 5.9% in year 2013. Regarding the public housing sector, in which the Group is dependent on, Housing and Development Board of Singapore ("HDB") has announced a sustainable BTO (built-to-order) housing programme with sales of 9,707 units of BTO flats in first half 2014 and 12,700 units planned for second half, bringing 2014 full year target to 22,407 units. This is 10.9% lower than the total of 25,139 units sold for year 2013.

The Group is cautiously optimistic for the next 12 months as it should be continuously benefited from HDB's sustainable public BTO housing programme. The Board and management of the Company will continue exploring opportunities for growth to enhance value for its shareholders.

APPRECIATION

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

On behalf of the Board
Kingbo Strike Limited
Ng Tiow Swee
Chairman

Management Discussion and Analysis

BUSINESS REVIEW

The contract works undertaken by the Group are mainly electrical engineering works for public residential projects in Singapore. For the year ended 30 June 2014, the public residential housing in Singapore has been well supported by the Singapore Government addressing the increase in demand of public housing units due to change in population policy. As a result, the Group has been overall benefited. The Group is cautiously optimistic for the growth in the next 12 months.

As at 30 June 2014, the Group had completed a HDB industrial project. There are a total of 11 on-going projects for the Group. All are public residential projects and out of which 4 are newly secured during the year ended 30 June 2014 and those amounted to approximately S$28.3 million.

GEOGRAPHICAL INFORMATION

The principal source of revenue of the Group was derived from its business in Singapore and accounted for 100% of the Group's total revenue for the year ended 30 June 2014 and 2013.

SEGMENT INFORMATION

The Group is principally engaged in the provision of electrical engineering services, accounting for 100% of the Group's total revenue for the year ended 30 June 2014 and 2013. The Group provides electrical engineering services mainly for new construction projects in public residential sector in Singapore, which made up approximately 95.7% of the total revenue for the year ended 30 June 2014 (2013: approximately 88.8%). All revenue, operating expenses and assets and liabilities are derived from the operations in Singapore.

FINANCIAL REVIEW

Revenue

The Group's revenue was recognised based on the stage of completion of the projects. During the financial year ended 30 June 2014, the Group achieved approximately of S$22.6 million in revenue representing an increase of approximately S$3.9 million or 20.9% from approximately S$18.7 million for the same period in 2013. The increase was mainly due to the significant percentage of work done for more projects for the year ended 30 June 2014 as compared to that in 2013.

Gross profit and gross margin

The Group's gross profit increased by approximately S$0.8 million or 9.6% from approximately S$8.3 million for the year ended 30 June 2013 to approximately S$9.1 million for the year ended 30 June 2014. Such increase was mainly due to the growth of revenue. The Group's gross profit margin reduced by approximately 4.1% from approximately 44.4% for the year ended 30 June 2013 to 40.3% for the year ended 30 June 2014. The decrease was mainly due to more projects being close to end of completion recorded higher cost savings for the year ended 30 June 2013 as compared to that for the year ended 30 June 2014.

Other operating income

The Group's other operating incomes were approximately S$51,477 (2013: $45,513) for the year ended 30 June 2014. Other operating income comprises bank interests received and incentives from Singapore government.

Singapore Government incentives:

Special Employment Credit ("SEC") in 2011 Budget

As part of the relief measures for employers, the Singapore Government introduced SEC in 2011 Budget Initiatives to support employers of older workers with aged above 55. This SEC complements other measures to encourage employers to employ older low-wage Singaporean workers. SEC will run for three years from 2011 to 2013 and it has been extended to 2016.

Wage Credit Scheme ("WCS") in 2013 Budget

The Singapore Government has introduced the WCS to help businesses which may face rising wage costs in a tight labour market. WCS payouts will allow businesses to free up resources to make investments in productivity and to share the productivity gains with their employees. Over the period from 2013 to 2015, the Singapore Government will co-fund 40% of wage increases given to Singaporean employees earning a gross monthly wage of S$4,000 and below.

Productivity and Innovation Credit ("PIC") Bonus in 2014 Budget

The PIC Bonus gives businesses a dollar-for-dollar matching cash bonus for businesses that invest in qualifying activities under the PIC during the Year of assessment ("YA") 2013 to 2015, subject to an overall cap of S$15,000 for all three YAs combined.

Administrative and other operating expenses

The Group's administrative and other operating expenses for the year ended 30 June 2014 were approximately S$3.1 million (2013: approximately S$1.4 million) representing an increase of approximately S$1.7 million or 121.4% over the corresponding period in 2013. This was mainly attributable to the increase in Listing expenses amounted to approximately S$1.1 million, while the remaining S$0.6 million increase was mainly from professional fee, office rental, travelling expenses and employee benefits.

Finance costs

The finance costs comprised mainly bank charges of S$2,568 for the financial year ended 30 June 2014 (2013: S$620). Higher bank charges for the year ended 30 June 2014 was due to opening of new bank account in Hong Kong and bank remittance charges incurred for the professional fees charged by Hong Kong professionals for the Listing. The Group did not have any bank borrowings, therefore, no borrowing interest incurred.

Income tax expenses

Income tax expenses of the Group amounted to approximately S$1.3 million with effective tax rate of approximately 18.2% for the year ended 30 June 2014 (2013: approximately S$1.2 million with effective rate of approximately 15.5%). Despite the decrease in net profit before tax, the tax expenses and the effective rate was higher mainly due to higher Listing expenses and administrative expenses recorded in the Company which were not tax deductible for the year ended 30 June 2014 as compared to the same period in 2013.

Net profit after tax

For the year ended 30 June 2014, the Group recorded a net profit after tax of approximately S$5.7 million, a decrease of approximately S$0.8 million or 12.3% as compared to the net profit of approximately S$6.5 million for the corresponding period in 2013. The decrease was mainly due to the increase in the Listing expenses recorded under administrative expenses.

PROSPECTS

The market research by Frost & Sullivan(s) Pte, Ltd. in the Listing document of the Company dated 16 December 2013 ("Prospectus") showed that the population of Singapore is expected to grow from 5.1 million in 2010 to 6.3 million in 2015. The increase in population is likely to result in increased demand for both public and private housing. Singapore is viewed as a rewarding immigrant destination in Asia and immigrants are increasingly relocating to Singapore, thereby stimulating the demand for housing in Singapore. The Directors believe that the Group's business will continue to be prosperous in the coming year and the Group will continue to actively seek opportunities to secure more housing sector projects in Singapore. To cope with future development, the Group also plans to recruit more staff including those on project sites and back office to meet its growing business.

LIQUIDITY AND FINANCIAL RESOURCES

Net current assets

The Group's net current assets increased from approximately S$1.2 million as at 30 June 2013 to approximately S$14.6 million as at 30 June 2014. The net increase in net current assets was primarily attributed to the increase in cash and bank balances as at 30 June 2014. Proceeds from the Initial Public Offering ("IPO") resulted in larger cash and bank balances as at 30 June 2014.

Financial position

The Group's business operation depends on the sufficiency of working capital and effective project cost management. The source of funds for the operations mainly comes from the cash inflows from operating activities. As at 30 June 2014, the Group had cash and bank balances, of which approximately 40% were in Hong Kong dollar and 60% in Singapore dollar, amounted to approximately S$18.3 million (2013: approximately S$7.2 million, 100% in Singapore dollar). The net increase of approximately S$11.1 million was contributed from the proceeds received from the IPO by approximately S$9.7 million while the remaining of approximately S$1.4 million was due to increase in net cash flow from operating activities.

The Group did not have any bank borrowings for the year ended 30 June 2014, therefore no gearing ratio reported (2013: Nil).

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

Working Capital

The average trade receivable turnover was approximately 64 days (2013: 66 days) for the financial year ended 30 June 2014. Average trade receivable turnover is calculated by dividing the average trade receivables (average of its opening and closing balances) by the revenue for the year and multiplying by 365 days. The project team monitors the collection from customers on regular basis. The Group achieved slightly improvement in collection payment from the customers for the year ended 30 June 2014.

The average trade payable turnover was 51 days (2013: 101 days) for the year ended 30 June 2014. Average trade payable turnover is calculated by dividing the average trade payables (average of its opening and closing balances) by the purchases for the year and multiplying by 365 days. Considering cash and bank balances have improved after receiving net proceeds from the IPO, the Group has shortened the payment period on its own accord in order to build up a good and prompt payment relationship with the suppliers to achieve overall benefit for the on-going and future purchase pricing.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

During the year ended 30 June 2014, there was no significant investment, material acquisition or disposal of subsidiaries and associates by the Company.

CHARGES ON ASSETS

As at 30 June 2014, the Group did not have any charges on its assets (2013: Nil).

CAPITAL EXPENDITURES

For the year ended 30 June 2014, the Group purchased plant and machinery of S$10,852. (2013: S$22,309).

CAPITAL COMMITMENTS

The Group has no capital commitments as at 30 June 2014 (2013: Nil).

CONTINGENT LIABILITIES

Save as disclosed in note 29 of the financial statement, the Group had no other contingent liabilities as at 30 June 2014.

FOREIGN EXCHANGE RISK

Since the Group mainly operates in Singapore and most of the revenue and transactions arising from its operations were settled in Singapore dollar, and the Group's assets and liabilities are primarily denominated in Singapore dollar, the Directors believe that the Group's risk in foreign exchange is insignificant and the Group will have sufficient foreign exchange to meet its foreign exchange requirements. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates and has not adopted any currency hedging policy or other hedging instruments during the year ended 30 June 2014.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2014, the Group had 127 employees (2013: 129). The remuneration package of the Group's employees are periodically reviewed and discretionary bonuses may be awarded to employees according to the assessment of individual performance. The Group provides adequate job training to employees to equip them with practical knowledge and skills.

The Directors present the report and the audited financial statements for the year ended 30 June 2014.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in the provision of electrical engineering services. Details of the principal activities of the subsidiary are set out in note 26 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 30 June 2014 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 26 to 75 of this annual report.

The Directors do not recommend the payment of any dividends for the year ended 30 June 2014.

USE OF NET PROCEEDS FROM THE IPO

The aggregate net proceeds from the IPO (after deducting underwriting fees and expenses in connection with the Listing) amounted to approximately S$7.9 million. A balance of approximately S$6.5 million remained unutilised as at 30 June 2014. During the year, the proceeds has been utilised in accordance with the intended purpose as stated in the Prospectus.

Intended applications	**Estimated net proceeds as per the Prospectus** (approximately S$' million)	**Actual net proceeds** (approximately S$' million)	**Utilised amount** (approximately S$' million) **As at 30 June 2014**	**Balance amount** (approximately S$' million) **As at 30 June 2014**
Purchase of materials	4.2	4.2	**0.6**	**3.6**
Expand workforce	1.3	1.3	**0.2**	**1.1**
Capital contribution to our joint venture and associates	0.8	0.8	—	**0.8**
Expand our market share	0.8	0.8	—	**0.8**
Working capital	0.8	0.8	**0.6**	**0.2**
	7.9	7.9	**1.4**	**6.5**

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last four financial years, as extracted from the audited financial statements is set out on page 76. This summary does not form part of the audited financial statements.

PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group during the year are set out in note 17 to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during this year are set out in note 24 to the financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association ("Articles") and there was no restriction against such rights under the laws of Cayman Islands.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor its subsidiary purchased, redeemed or sold any of the Company's listed securities from the date of Listing to 30 June 2014.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 30 June 2014 are set out in note 25 to the financial statements and the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 30 June 2014, the Company's reserves available for distribution amounted to S$8,024,104. In addition, the Company's share premium account, in the amount of S$12,366,974, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 30 June 2014, 99.9% (2013: 99.7%) of the Group's revenue were attributable to five largest customers with the largest customer accounted for 48.8% (2013: 72.1%) of the Group's revenue. 65.1% (2013: 65.9%) of the Group's purchase of construction material were attributable to five largest construction material suppliers with the largest construction material supplier accounted for 32.9% (2013: 24.0%) of the Group's purchase of construction material.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and five largest construction material suppliers for the year ended 30 June 2014.

DIRECTORS

The Directors of the Company during the year ended 30 June 2014 and up to the date of this annual report were:

Executive Directors:

Mr Yeo Jiew Yew
Mr Sim Yew Heng

Independent non-executive Directors:

Mr Ng Tiow Swee (Chairman)*	(appointed on 9 December 2013)
Ms Wong Siew Chuan*	(appointed on 9 December 2013)
Mr Chen Jianyuan, Edwin*	(appointed on 9 December 2013)

In accordance with the Company's Articles, all Directors shall retire and being eligible for the election at the annual general meeting.

* The Company confirmed that annual confirmation of independence was received from each of the Company's independent non-executive Directors pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and all independent non-executive Directors are considered to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biological details of the Directors and senior management of the Company are set out on pages 16 to 17 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors namely Mr Yeo Jiew Yew and Mr Sim Yew Heng has respectively entered into a service contract on 30 December 2013 with Strike Singapore for a term of two years. The service contracts are automatically renewable for successive term of one year each, unless terminated by not less than three months' notice in writing served by either party on the other.

All the independent non-executive Directors namely, Mr Ng Tiow Swee, Ms Wong Siew Chuan and Mr Chen Jianyuan, Edwin have respectively entered into a letter of appointment with the Company for a term of two years commencing on 30 December 2013 unless terminated by not less than three months' notice in writing served by either party on the other.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Board as a whole has determined the remuneration policy and packages of the Directors. No individual Director was allowed to involve in deciding his own remuneration. The Directors' fees are determined with reference to, among other matters, salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group and subject to shareholders' approval at general meetings. In addition, the Directors' remuneration is reviewed by the remuneration committee of the Company annually. Details of the Directors' remuneration are set out in note 11 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in related party transactions of note 27 to the financial statements, no Directors nor any controlling shareholders had a material beneficial interest either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or its subsidiary was a party during the year ended 30 June 2014.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 30 June 2014.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained the amount of public float as required under the Listing Rules.

SHARE OPTION SCHEME

At no time during the year were there rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or its subsidiary a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors nor their respective associates is interested in any business that competes with or is likely to compete, either directly or indirectly, with the business of the Group.

CONNECTED TRANSACTION AND CONNECTED PERSON

During the year ended 30 June 2014, the Group has entered into transaction with its joint venture, YL Integrated Pte. Ltd. ("YL"). YL is owned as to 50% by the subsidiary, Strike Electrical Engineering Pte. Ltd. ("Strike Singapore") and as to 50% by a former employee and ex-director of Strike Singapore, who resigned his directorship on 29 May 2013. YL, being an associate of a former director of Strike Singapore, was a connected person of the Company.

Continuing connected transactions

On 27 February 2012, Strike Singapore and YL entered into an arrangement pursuant to which Strike Singapore agreed to engage YL as a subcontractor to supply labour, materials and equipment for electrical works and other relevant works for a public residential project at a total consideration of S$6,081,195 (equivalent to approximately HK$37.1 million) for a period of 25 months commencing from March 2012 to March 2014, in accordance with the main contract with the customer. The consideration was determined based on the estimate of market rate for comparable projects, taking into account their scope, size and complexity and contract value. The transaction was carried out by the Group in the ordinary and usual course of business, on either normal commercial terms or terms no less favourable to the Group than those available from independent third parties. Approximately S$5.33 million (HK$32.51 million) was set as annual cap for the year ended 30 June 2014.

During the year ended 30 June 2014, the Group paid a subcontractor fee of S$3,645,972 (2013: S$661,663) to YL. According to the Listing Rules, YL is an associate of a former director of Strike Singapore, a connected person of the Company. With effect from 29 May 2014, being twelve months from the date of which the former director of Strike Singapore resigned, YL will no longer be a connected person of the Company and any arrangement to be entered into with YL will no longer constitute a continuing connected transaction of the Group.

Pursuant to rule 14A.55 of the Listing Rules, the independent non-executive Directors of the Company have conducted an annual review and confirmed to the Board that during the year ended 30 June 2014, the continuing connected transaction between Strike Singapore and YL has been entered into:

1. in the ordinary and usual course of business of the Group;

2. on normal commercial terms; and

3. in accordance with the agreement governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions* under the *Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young had issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transaction disclosed above by the Group in accordance with rule 14A.38 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

DIRECTORS' AND CHIEF EXECUTIVE INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2014, the interests and short positions of the Directors and chief executives in shares, underlying shares or debentures of the Company or any associates within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) ("SFO") which were:

(i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO;

(ii) required to be recorded in the register required to be kept under Section 352 of the SFO; or

(iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in appendix 10 of the Listing Rules, were as follows:

Long positions in ordinary shares of the immediate and ultimate holding company, Victrad Enterprise (Pte) Ltd ("Victrad"):

Name of Director	**Directly beneficially owned**	**Total**	**Percentage of interest in the ultimate holding company's issued share capital**
	S$	*S$*	*%*
Mr Yeo Jiew Yew	990,000	990,000	50%
Mr Sim Yew Heng	990,000	990,000	50%

Long positions in ordinary shares of the Company:

Name of Director	Capacity/nature of interests	Number of shares/ underlying shares	Percentage of interest in the Company's issued share capital
Mr Yeo Jiew Yew	Interest in a controlled corporation	480,000,000 (note 1)	75%
Mr Sim Yew Heng	Interest in a controlled corporation	480,000,000 (note 1)	75%

Note:

(1) 480,000,000 shares are registered in the name of Victrad, an investment holding company incorporated in Singapore with limited liability on 24 July 1981, whose issued share capital is held by Mr Yeo Jiew Yew and Mr Sim Yew Heng as to 50% shareholding interest each, and Victrad is a substantial shareholder holding a 75% shareholding interest in the Company. Under the SFO, Mr Yeo Jiew Yew and Mr Sim Yew Heng are deemed to be interested in 480,000,000 shares registered in the name of Victrad. Mr Yeo and Mr Sim are brothers.

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 June 2014, the interests and short positions of the person or company in the shares or underlying shares of the Company which would be required to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO and recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

Name of Director	Long/short positions	Capacity/nature of interests	Number of shares/ underlying shares	Percentage of interest in the Company's issued share capital
Victrad	Long Position	Beneficial interest	480,000,000 (note 1)	75%
Mr Yeo Jiew Yew	Long Position	Interest in a controlled corporation	480,000,000 (note 1)	75%
Mr Sim Yew Heng	Long Position	Interest in a controlled corporation	480,000,000 (note 1)	75%

Note:

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

Save as disclosed above, as at 30 June 2014, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct of the Company regarding the Directors' transactions of the listed securities of the Company. The Company has made specific enquiry to all Directors, and all Directors have confirmed that they had complied with the Model Code and its code of conduct during the period from the date of Listing to 30 June 2014.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The Board established an audit committee on 9 December 2013 with written terms of reference in compliance with the Listing Rules, particularly the Corporate Governance Code as set out in appendix 14 of the Listing Rules. The audit committee of the Company which comprises three independent non-executive Directors, namely Ms Wong Siew Chuan (Chairman), Mr Ng Tiow Swee and Mr Chen Jianyuan, Edwin, has reviewed and discussed with the management of the Company regarding the Company's financial statements for the year ended 30 June 2014, the auditing, the accounting principles and practices adopted by the Group, as well as internal control and financial reporting matters.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in note 32 to the financial statements.

AUDITOR

Ernst & Young retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
Kingbo Strike Limited
Mr Yeo Jiew Yew
Managing Director
Hong Kong, 22 September 2014

Biography of the Directors and Senior Management

DIRECTORS

Executive Directors

Mr Yeo Jiew Yew (岑有孝), aged 59, founder of our Group, was appointed as our Director on 19 June 2013 and re-designated as our executive Director, managing director, member of remuneration committee and nomination committee of the Company on 9 December 2013. Mr Yeo is also the director of our subsidiary, Strike Singapore, appointed on 21 April 2009. Mr Yeo is responsible for our Group's overall management, strategic planning and business development. He has approximately 30 years of experience in the electrical engineering industry. Mr Yeo started his career as an electrical apprentice in 1969. Upon acquiring the necessary skills and knowledge of the electrical engineering business, Mr Yeo founded Victrad in 1981 and served as its managing director till now. Victrad is an investment holding company and a substantial shareholder of the Company. Apart from the Group, Mr Yeo is a non-executive director of Lantrovision (S) Ltd, a company listed on the Singapore Exchange Securities Trading Limited engaged in business of providing information technology infrastructure, cabling services and selling structured cabling systems and components since 28 August 2008. Mr Yeo is also a member of the school management committee of Pei Chun Public School, a primary school in Singapore since 1996. Mr Yeo is the brother of Mr Sim Yew Heng.

Mr Sim Yew Heng (岑有興), aged 53, was appointed as our Director on 19 June 2013 and re-designated as our executive Director on 9 December 2013. Mr Sim is also a director of Strike Singapore, appointed on 21 April 2009. Mr Sim is responsible for leading our operational departments and providing guidance and management experience in project management and contract negotiation. Mr Sim started his career in 1976 as an electrical apprentice with an electrical engineering subcontractor. He has approximately 30 years of experience in the electrical engineering industry, and is capable of handling large-scale projects, including analyses in tendering for potential projects. Mr Sim is also a director of Victrad and he is the brother of Mr Yeo Jiew Yew.

Independent Non-Executive Directors

Mr Ng Tiow Swee (黃朝瑞), age 57, was appointed as our chairman of the Board, independent non-executive Director, chairman of remuneration committee and nomination committee of the Company and member of audit committee of the Company on 9 December 2013, and is responsible for providing independent judgment on issues of strategy, performance, resources and standard of conduct of our Company. Mr Ng graduated in 26 May 1981 from the National University of Singapore with a Bachelor degree in Business Administration. Mr Ng has 30 years of working experience in the sales and distribution of electrical installation equipment business in Singapore.

Ms Wong Siew Chuan (黃秀娟), age 48, was appointed as our independent non-executive Director, chairman of audit committee of the Company and member of nomination committee of the Company on 9 December 2013 and is responsible for providing independent judgment on issues of strategy, performance, resources and standard of conduct of our Company. Ms Wong graduated from the National University of Singapore with a Bachelor of Accountancy degree in 1988 and is a non-practising Fellow Chartered Accountant Singapore with the Institute of Singapore Chartered Accountants. Ms Wong has more than 20 years of experience in accounting and finance.

Mr Chen Jianyuan, Edwin (陳建元), aged 32, was appointed as our independent non-executive Director, member of audit committee and remuneration committee of the Company on 9 December 2013 and is responsible for providing independent judgment on issues of strategy, performance, resources and standard of conduct of our Company. Mr Chen graduated from Monash University Australia, with a honours degree in bachelor of business, specialising in banking and finance in July 2006. Mr Chen has accumulated approximately 6 years of corporate finance experience in Singapore and Hong Kong.

SENIOR MANAGEMENT

Ms Chan Bee Fong, aged 46, was appointed as the Senior Finance Manager of our Group on 1 July 2013. Ms Chan is responsible for overseeing the financial, accounting, taxation and secretarial affairs of our Group. She has approximately 20 years of experience in the electrical engineering industry. Ms Chan has a London Chamber of Commerce Diploma in Management Accounting in 1989.

Mr Poon Hiu Chuin, aged 46, was appointed as the Project Director of our Group on 1 July 2013. He is responsible for overseeing the project department of our Group, which comprises project engineers, technicians and foreign workers on site. His roles include managing, executing and coordinating the entire electrical engineering project. He obtained a bachelor's degree (honours) in electrical engineering from Queen's University of Belfast in July 1996. He has been qualified as a licensed electrical technician by the EMA since July 2003.

Ms Lim Poh Khim, aged 48, was appointed as the Purchasing Manager of our Group on 1 July 2013. She is responsible for overseeing the purchasing department of our Group, which handles negotiations and communications with suppliers, inventory management, and ensuring that suppliers deliver on-time to ensure that each project is carried out smoothly.

Ms Goey Lee Eng, aged 46, was appointed as the Contract Manager of our Group on 1 July 2013. She is responsible for overseeing the contract and tender department, tasked to review tender and contract terms, contract negotiation, project budget review and supporting the project department in administrative matters relating to the awarded project.

Corporate Governance Report

The Company has adopted the requirements of the code provisions of the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") contained in appendix 14 to the Listing Rules. On 24 July 2014, the Company had adopted Board Diversity Policy in accordance to Code A5.6 of the Corporate Governance Code and updated the Company and the Stock Exchange websites under the revised written terms of reference for the nomination committee of the Company. Save as disclosed above, the Company has complied with the Corporate Governance Code from the date of Listing to 30 June 2014.

THE BOARD

From the date of Listing to the year ended 30 June 2014, the Board comprises two executive Directors and three independent non-executive Directors. The Company has complied with rules 3.10(1) and 3.10A of the Listing Rules. There were three independent non-executive Directors in the Board and the number of independent non-executive Directors represents more than one-third of the Board. As such, there exists a strong independent element in the Board, which can effectively exercise independent judgement. The Company has also complied with rule 3.10(2) of the Listing Rules which stipulates that one of the independent non-executive Directors must possess appropriate professional qualification or accounting or related financial management expertise. In compliance with the Corporate Governance Code, the independent non-executive Directors are expressly identified as such in all corporate communications that disclose the names of the Directors.

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Group considers all independent non-executive Directors to be independent under the Listing Rules. Save as disclosed in the section headed "Biography of the Directors and Senior Management" in this annual report, there is no financial, business, family or other material/ relevant relationship among the members of the Board, in particular, between the Chairman of the Board and the managing director of the Company.

BOARD MEETINGS

The Board meets regularly and, in addition to regular meetings, ad-hoc meeting will be arranged if warranted by particular circumstances. Under code provision A.1.1 of the Corporate Governance Code, the Board shall meet regularly and at least four times a year at approximately quarterly intervals. The Company was listed on 30 December 2013 from the date of Listing up to the year ended 30 June 2014 and to the date of this report, two Board meetings was held with attendance of individual members as set out below:

Attendance	From date of Listing to year ended 30 June 2014	From 01 July 2014 to date of this report
Mr Ng Tiow Swee *(Chairman)*	1/1	1/1
Ms Wong Siew Chuan	1/1	1/1
Mr Chen Jianyuan, Edwin	0/1	1/1
Mr Yeo Jiew Yew	1/1	1/1
Mr Sim Yew Heng	0/1	1/1

BOARD RESPONSIBILITIES AND DELEGATION

The Board is responsible to the shareholders for leadership and control of the Group and be collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, approving the annual development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system and supervising and managing management's performance.

The Board delegates the day-to-day management, administration and operation of the Group to the senior management. The delegated functions are reviewed by the Board periodically to ensure they remain appropriate to the needs of the Group. The Board gives clear directions to the management as to the matters that must be approved by the Board before decisions are made on behalf of the Group by the senior management.

CHAIRMAN AND MANAGING DIRECTOR

Under code provision A.2.1, the roles of chairman and managing director should be separated and should not be performed by the same individual. In compliance with the Corporate Governance Code, the Group has appointed a separate chairman and managing director of the Company since 9 December 2013. In order to ensure that there is clear division of responsibilities between the chairman of the Board and the managing director of the Company, the two positions are assumed by different individuals, Mr Ng Tiow Swee, the chairman of the Board, is responsible for the operation of the Board and ensuring corporate governance compliance. Mr Yeo Jiew Yew, the managing director of the Company, with the assistance of other members of the Board and senior management, is responsible for the management of the Group's business, the formulation of the Group's strategies and the implementation of significant policies. The chairman of the Board ensures that all Directors are properly briefed on issues arising at the Board meetings and receive adequate, complete and reliable information in a timely manner.

DIRECTORS' PROFESSIONAL DEVELOPMENT PROGRAMME

All Directors confirmed that they had complied with code provision A.6.5 of the Corporate Governance Code for the year ended 30 June 2014. The Company has arranged an in-house training on the Listing Rules in the form of a seminar during the year conducted by the Company's legal adviser as to Hong Kong Laws and relevant training materials have been distributed to all the Directors. All Directors (Mr Yeo Jiew Yew, Mr Sim Yew Heng, Mr Ng Tiow Swee, Ms Wong Siew Chuan and Mr Chen Jianyuan, Edwin) had attended the in-house training. The training covered topics including the Listing Rules and Corporate Governance Code, legal compliance and directors' duty, etc.

NOMINATION OF DIRECTORS

New Directors of the Company recommended by the nomination committee of the Company will be assessed by taking into criteria such as experience, balance of skills and diversity of perspectives appropriate to the requirements of the business of the Company when considering new Directors appointments.

The Board shall then make recommendations to shareholders on Directors standing for re-election, providing sufficient biographical details of Directors to enable shareholders to make an informed decision on the re-election, and where necessary, nominating appropriate persons to fill causal vacancies or as additions to the Board.

APPOINTMENTS, RE-ELECTION AND REMOVAL

All independent non-executive Directors are appointed for a specific term of not more than 3 years. All Directors, including the chairman are required to retire from office by rotation and are subject to re-election by shareholders at annual general meeting at least once every 3 years.

Under the Company's Articles, one-third of the Directors, must retire and be eligible for re-election at each annual general meeting. As such, no Director has a term of appointment longer than 3 years.

BOARD COMMITTEES

The Board established certain Board committees with specific written terms of reference which deal clearly with the committee's authority and duties and require the committees to report back on their decisions or recommendations. The written terms of reference of the Board committees are available on the website of the Company and the Stock Exchange.

NOMINATION COMMITTEE

The Company established a nomination committee on 9 December 2013 which is primarily responsible for making recommendations to the Board regarding the Group's engagement of appropriate Directors with skills, knowledge and experience to complement the Company's corporate strategies. The Company recognises the benefits of having a diverse Board to enhance the quality of its performance. The Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skill, knowledge and length of service, all of which the Company considers to be important to enhance the quality of its performance.

The nomination committee of the Company comprises Mr Ng Tiow Swee (Chairman), Ms Wong Siew Chuan and Mr Yeo Jiew Yew.

The Company was listed on 30 December 2013, from the date of Listing up to the date of this report, one meeting of nomination committee of the Company was held after the year ended 30 June 2014 with attendance of individual members as set out below to review and consider the composition of the Board and senior management:

Attendance	From 01 July 2014 to date of this report
Mr Ng Tiow Swee *(Chairman)*	1/1
Ms Wong Siew Chuan	1/1
Mr Yeo Jiew Yew	1/1

REMUNERATION COMMITTEE

The Company established a remuneration committee on 9 December 2013 which is primarily responsible for marking recommendations to the Board regarding the Group's policy and structure for all Directors' and senior management remuneration. During the year, the committee review and approve the management's remuneration proposals and make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

The remuneration committee of the Company comprises Mr Ng Tiow Swee (Chairman), Mr Chen Jianyuan, Edwin and Mr Yeo Jiew Yew.

The Company was listed on 30 December 2013, from the date of Listing up to the date of this report, one meeting of remuneration committee was held after the year ended 30 June 2014 with attendance of individual members as set out below to review and consider the specific remuneration packages of the Company's executive Directors and senior management.

Attendance	From 01 July 2014 to date of this report
Mr Ng Tiow Swee *(Chairman)*	1/1
Mr Chen Jianyuan, Edwin	1/1
Mr Yeo Jiew Yew	1/1

AUDIT COMMITTEE

The Company established an audit committee on 9 December 2013 comprising three independent non-Executive Directors, namely Ms Wong Siew Chuan (Chairman), Mr Ng Tiow Swee and Mr Chen Jianyuan, Edwin. The audit committee of the Company is primarily responsible for reviewing the financial reporting process and internal control systems of the Group. Policies in relation to financial controls, internal controls and the re-appointment of the independent auditor were reviewed by the audit committee of the Company at the meetings.

The audit committee of the Company has reviewed this annual report and confirmed that this annual report is complete, accurate and complies with all applicable rules and regulations, including but not limited to the Listing Rules and the Corporate Governance Code. There is no disagreement between the Board and the audit committee of the Company regarding the selection and appointment of the independent auditor.

The Company was listed on 30 December 2013, from the date of Listing up to the year ended 30 June 2014 and to the date of this report, two meetings of audit committee of the Company were held with attendance of individual members as set out below:

Attendance	From date of Listing to year ended 30 June 2014	From 01 July 2014 to date of this report
Ms Wong Siew Chuan *(Chairman)*	1/1	1/1
Mr Ng Tiow Swee	1/1	1/1
Mr Chen Jianyuan, Edwin	0/1	1/1

INTERNAL CONTROL

The Board is committed to manage business risks and to maintain a proper and effective system of internal control to safeguard the shareholders' investment and the Group's assets. The Board, through the audit committee of the Company, has conducted annual review of the effectiveness of the Group's system of internal control covering financial, operational and compliance policies.

COMPLIANCE OF DEED OF NON-COMPETITION

The independent non-executive Directors were delegated with the authority to review, on an annual basis, the compliance with the Deed of Non-competition executed by the controlling shareholders at 9 December 2013, Victrad, together with Mr Yeo Jiew Yew and Mr Sim Yew Heng (collectively "Covenantors") in favour of the Company (for itself and for the benefit of each member of the Group). Each of the Covenantors has confirmed that he/it had complied with the Deed of Non-competition from the date of the Deed of Non-competition and up to the date of this annual report.

The independent non-executive Directors were not aware of any non-compliance of the Deed of Non-competition given by the Covenantors since the date of the Deed of Non-competition and up to 30 June 2014. Details of the Deed of Non-competition have been set out in the section headed "Relationship with Controlling Shareholders" in the Prospectus.

AUDITORS' REMUNERATION

The remuneration in respect of audit services provided by the Company's auditors amounted to S$89,500 and a non-audit services of S$45,980 were provided by the Company's auditors during the year ended 30 June 2014.

COMMUNICATION WITH SHAREHOLDERS

The Board and senior management recognise the responsibility of safeguarding the interest of shareholders of the Company and provide transparent and real-time discloseable information on the Company so as to keep the shareholders and investors abreast of the Company's position and help them to make the informed investment decision. Information of the Company and the Group are delivered to the shareholders through a number of channels, which includes annual report, interim report, announcements and circulars. The latest information of the Company and the Group together with the published documents are also available on the Company's website.

The Company will hold annual general meeting every year as an appropriate media for direct communication between the Board and the shareholders. Shareholders can raise questions directly to the Board in respect of the business performance and future development of the Group at such annual general meetings.

The forthcoming annual general meeting to be held on 14 November 2014 will be the first general meeting of the Company from the date of Listing.

From the date of Listing and up to 30 June 2014, there had been no significant change in the Company's constitutional documents.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Attention: Mr Li Chi Chung, Solicitor, Hong Kong
19th Floor, Prosperity Tower
39 Queen's Road Central
Central
Hong Kong

Shareholders' enquiries and concerns are forwarded to the Board and/or relevant Board committees of the Company, where appropriate, to answer the shareholders' enquiries. The primary corporate contact person at the Company is Ms Chan Bee Fong, Senior Finance Manager of the Group.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

Pursuant to Article 57 and 58 of the Articles, each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting. General meetings may be held in any part of the world as may be determined by the Board. The Board may whenever it thinks fit call extraordinary general meetings. Any one or more shareholders holding at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to enquire an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Pursuant to Article 85 of the Articles, no person, other than a Director retiring at the meeting, shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least 7 days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such Notice(s) shall commence on the day after the despatch of the notice of general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 30 June 2014 will be held at 30 Orange Grove Road, Singapore 258352 on Friday, 14 November 2014, at 10:00 a.m. A circular containing the notice of convening the annual general meeting and the proxy form will be issued and despatched to shareholders together with this annual report.

CLOSURE OF REGISTER OF MEMBERS

In order to determine entitlement of shareholders of the Company with regards to the right to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 12 November 2014 to 14 November 2014, both days inclusive, during which period no share transfer will be effected. All share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 11 November 2014.

EY 安永

To the shareholders of Kingbo Strike Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Kingbo Strike Limited (the "Company") and its subsidiary (together, the "Group") set out on pages 26 to 75, which comprise the consolidated and company statements of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2014, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
22 September 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 30 June 2014

	Notes	2014 S$	2013 S$
REVENUE	7	**22,628,298**	18,660,508
Cost of sales		**(13,515,642)**	(10,376,929)
Gross profit		**9,112,656**	8,283,579
Other operating income	8	**51,447**	45,513
Administrative expenses		**(2,771,721)**	(1,273,041)
Other operating expenses		**(292,496)**	(87,832)
Finance costs	9	**(2,568)**	(620)
Share of results of a joint venture		**499,930**	579,104
Share of results of associates		**426,059**	195,920
PROFIT BEFORE TAX	10	**7,023,307**	7,742,623
Income tax expense	12	**(1,276,038)**	(1,201,053)
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,747,269**	6,541,570
Earnings per share attributable to equity holders of the Company			
Basic and diluted earnings per share *(S$ cents)*	14	**1.00**	1.28

Details of the dividends payable and proposed for the year are disclosed in note 13 to the financial statements.

Consolidated Statement of Financial Position

30 June 2014

	Notes	2014 S$	2013 S$
NON-CURRENT ASSETS			
Interest in a joint venture	15	1,336,357	836,427
Interests in associates	16	849,705	423,646
Plant and equipment		95,342	130,466
Trade and other receivables	20	2,377,461	1,207,500
Total non-current assets		4,658,865	2,598,039
CURRENT ASSETS			
Gross amount due from customers for contract work in progress	18	2,644,185	6,855,403
Inventories		43,809	57,694
Prepayments		26,282	131,699
Trade and other receivables	20	1,618,183	2,822,189
Cash and cash equivalents	21	18,252,010	7,249,375
Total current assets		22,584,469	17,116,360
CURRENT LIABILITIES			
Income tax payable		1,296,011	1,190,632
Trade and other payables	22	6,730,804	14,717,534
Total current liabilities		8,026,815	15,908,166
NET CURRENT ASSETS		14,557,654	1,208,194
TOTAL ASSETS LESS CURRENT LIABILITIES		19,216,519	3,806,233
NON-CURRENT LIABILITIES			
Deferred tax liabilities		16,208	19,398
Net assets		19,200,311	3,786,835
EQUITY			
Share capital	24	1,048,880	48,880
Share premium	24	12,366,974	3,700,767
Retained earnings		8,024,104	2,276,835
Merger reserves		(2,239,647)	(2,239,647)
Total equity		19,200,311	3,786,835

Yeo Jiew Yew
Director

Sim Yew Heng
Director

Consolidated Statement of Changes in Equity

Year ended 30 June 2014

		Attributable to equity holders of the Company				
		Share capital (note 24)	Share premium (note 24)	Retained earnings	Merger reserves (note 25)	Total Equity
	Notes	*S$*	*S$*	*S$*	*S$*	*S$*
At 1 July 2012		—	—	3,889,265	1,510,000	5,399,265
Profit and total comprehensive income for the year		—	—	6,541,570	—	6,541,570
Dividends paid	13	—	—	(8,154,000)	—	(8,154,000)
Adjustment resulting from the Reorganisation	25	—	—	—	(3,749,647)	(3,749,647)
Issuance of new ordinary shares on incorporation and the Reorganisation	24	48,880	3,700,767	—	—	3,749,647
At 30 June 2013 and 1 July 2013		48,880	3,700,767	2,276,835	(2,239,647)	3,786,835
Profit and total comprehensive income for the year		—	—	5,747,269	—	5,747,269
Issuance of share capital by capitalisation issue	24	790,164	(790,164)	—	—	—
Issuance of share capital pursuant to IPO	24	209,836	10,281,967	—	—	10,491,803
Listing expenses taken against share premium	24	—	(825,596)	—	—	(825,596)
At 30 June 2014		1,048,880	12,366,974	8,024,104	(2,239,647)	19,200,311

Consolidated Statement of Cash Flows

Year ended 30 June 2014

	Notes	2014 S$	2013 S$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**7,023,307**	7,742,623
Adjustments for:			
Bank interest income	8	**(7,296)**	(26,598)
Share of results of a joint venture		**(499,930)**	(579,104)
Share of results of associates		**(426,059)**	(195,920)
Depreciation of plant and equipment	17	**41,217**	40,800
Loss on plant and equipment written off		**4,759**	—
		6,135,998	6,981,801
Decrease/(increase) in the gross amount due from customers for contract work in progress		**4,211,218**	(1,356,163)
Decrease in inventories		**13,885**	5,748
Decrease/(increase) in prepayments		**105,417**	(108,306)
Decrease/(increase) in trade and other receivables		**34,045**	(1,142,522)
Decrease in trade and other payables		**(7,986,730)**	(1,772,402)
Cash generated from operations		**2,513,833**	2,608,156
Interest received		**7,296**	26,598
Overseas tax paid		**(1,173,849)**	(662,720)
Net cash flows generated from operating activities		**1,347,280**	1,972,034
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in a joint venture		**—**	(25,000)
Dividend distribution from a joint venture		**—**	125,000
Purchase of items of plant and equipment	17	**(10,852)**	(22,309)
Net cash flows (used in)/generated from investing activities		**(10,852)**	77,691
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	13	**—**	(8,154,000)
Issue of shares pursuant to the IPO, net of listing expenses taken to equity	24	**9,666,207**	—
Net cash flows generated from/(used) in financing activities		**9,666,207**	(8,154,000)

	Note	2014 S$	2013 S$
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		11,002,635	(6,104,275)
Cash and cash equivalents at beginning of year		7,249,375	13,353,650
CASH AND CASH EQUIVALENTS AT END OF YEAR		18,252,010	7,249,375
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at banks and on hand	21	10,251,791	3,513,730
Non-pledged time deposits with original maturity of less than three months when acquired	21	8,000,219	3,735,645
Cash and cash equivalents as stated in the consolidated statement of financial position		18,252,010	7,249,375

Statement of Financial Position

30 June 2014

	Notes	2014 S$	2013 S$
NON-CURRENT ASSET			
Investment in a subsidiary	26	3,749,647	3,749,647
		3,749,647	3,749,647
CURRENT ASSETS			
Prepayments		19,562	90,827
Cash and cash equivalents	21	7,377,356	—
Total current assets		7,396,918	90,827
CURRENT LIABILITIES			
Other payables	22	29,453	511,587
		29,453	511,587
NET CURRENT ASSETS/(LIABILITIES)		7,367,465	(420,760)
Net assets		11,117,112	3,328,887
EQUITY			
Share capital	24	1,048,880	48,880
Share premium	24	12,366,974	3,700,767
Accumulated losses	25	(2,298,742)	(420,760)
Total equity		11,117,112	3,328,887

Yeo Jiew Yew
Director

Sim Yew Heng
Director

1. CORPORATE 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 Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Companies Ordinance") on 5 September 2013 and the principal place of business in Hong Kong registered is at 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the provision of electrical engineering services. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 30 December 2013 (the "Listing").

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

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs", which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Companies Ordinance.

They have been prepared under the historical cost convention. These financial statements are presented in Singapore dollars ("S$").

Basis of presentation

In preparation for the Listing, the Group has undergone a reorganisation ("Reorganisation"), as explained in the section headed "History and development" in the listing document of the Company dated 16 December 2013 (the "Prospectus"). Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 29 June 2013.

As the Reorganisation is undertaken to incorporate the Company as an intermediate holding company, the Group is a continuation of the existing group. The companies now comprising the Group were under common control of the controlling shareholder, Victrad, before and after the Reorganisation. Accordingly, the financial statements of the Group have been prepared by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the reporting period.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows have been prepared as if the current group structure had been in existence throughout the reporting period. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

2. BASIS OF PREPARATION *(Continued)*

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary for the year ended 30 June 2014. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

As explained above, the acquisition of the subsidiary under common control has been accounted for using the merger accounting.

The merger accounting involves incorporating the financial statement items of the consolidating entities or businesses in which the common control consolidation occurs as if they had been consolidated from the date when the consolidating entities or businesses first came under the control of the controlling party. The net assets of the consolidating entities or businesses are consolidated using the existing book value. No amount is recognised in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control consolidation.

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in the statement of profit or loss and other comprehensive income. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 1	First-time Adoption of International Financial Reporting Standards
Amendments to IFRS 7	Disclosures: Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IAS 27 (Revised)	Separate Financial Statements
IFRS 11	Joint Arrangements
IAS 28 (Revised)	Investments in Associates and Joint Ventures
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 19 (Revised)	Employee Benefits

The principal effects of adopting these new and revised IFRSs are as follows:

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards

Amendments to IFRS1 are effective for financial periods beginning on or after 1 January 2013.

The IFRS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

Amendments to IFRS 7 Disclosures: Offsetting Financial Assets and Financial Liabilities

Amendments to IFRS 7 Disclosures: Offsetting Financial Assets and is effective for financial periods beginning on or after 1 January 2013 and interim periods with those annual periods. The required disclosures should be provided retrospectively.

The Amendments to IFRS 7 provides disclosure requirements that are intended to help investors and other financial statement users to better assess the effect or potential effect of offsetting arrangements on a company's financial position. The new disclosures require information about the gross amount if financial assets and liabilities before offsetting and the amounts set off in accordance with the offsetting model in IAS 32. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented during the year.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements (Revised)

IFRS 10 and the revised IAS 27 are effective for financial periods beginning on or after 1 January 2013.

IFRS 10 establishes a single control model that applies to all entities (including special purpose entities). The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore are required to be consolidated by the Group, compared with the requirements that were in IAS 27. Therefore, IFRS10 may change which entities are consolidated within a group. The revised IAS 27 was amended to address accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures (Revised)

IFRS 11 and the revised FRS 28 are effective for financial periods beginning on or after 1 January 2013.

IFRS 11 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have rights to the assets and obligations for the liabilities whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS 11 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. IFRS 11 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised IAS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 is effective for financial periods beginning on or after 1 January 2013.

IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. IFRS 12 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. Details of the disclosures for subsidiaries, joint ventures and associates are included in notes 15 and 16 to the financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 is effective for financial periods beginning on or after 1 January 2013.

IFRS 13 provides a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS.

IAS 19 Employee Benefits (Revised)

The revised IAS 19 Employee Benefits is effective for financial periods beginning on or after 1 January 2013.

The revised IAS 19 removes the corridor mechanism for defined benefit plans and no longer allows actuarial gains and losses to be recognised in profit or loss. The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than employee entitlement. The revised IAS 19 is to be applied retrospectively.

4. 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:

	Effective date (annual periods beginning on or after)
Amendments to IAS 32 — *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements — *Investment Entities*	1 January 2014
Amendments to IAS 36 *Recoverable Amount Disclosures for Non-financial Assets*	1 January 2014
Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Annual improvements to *IFRS 2010 — 2012 cycle*	1 July 2014
Annual improvements to *IFRS 2011 — 2013 cycle*	1 July 2014
IFRS 9 *Financial Instruments*	1 January 2018 with early adoption permitted

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

Amendments to IAS 32: Offsetting Financial Assets and Liabilities

Amendments to IAS 32: Offsetting Financial Assets and Liabilities are effective for financial periods beginning on or after 1 January 2014. The amendments are to be applied retrospectively.

The Amendments to IAS 32 clarifies the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The Group does not expect the adoption of this standard to have material impact to the financial statements.

Investment Entities — Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements

Investment Entities — Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements is effective for financial periods beginning on or after 1 January 2014. The amendments to IFRS are to be applied retrospectively.

Investment entity is defined in IFRS 10 as an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both and that the investment entity must also evaluate the performance of its investments on a fair value basis. The amendments provide exception to the consolidation requirement under IFRS 10 Consolidated Financial Statements for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IAS 39: Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments.

The Group does not expect the adoption of the above amendments to IFRS to have material impact to the financial statements.

4. IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs *(Continued)*

IFRS 9 Financial Instruments

IFRS 9 as issued reflects the first phase of the IASBs 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 adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture..

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of a subsidiary are included in the Company's statement of profit or loss and other comprehensive income to the extent of dividends received and receivable. The Company's investment in subsidiaries that is not classified as held for sale in accordance with IFRS 5 is stated at cost less any impairment losses.

Investments in associates and joint venture

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint venture *(Continued)*

The Group's share of the post-acquisition results and other comprehensive income of associates and joint venture is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint venture are eliminated to the extent of the Group's investments in the associates or joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or joint venture is included as part of the Group's investments in associates or joint venture.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The results of associates and joint venture are included in the Company's statement of profit or loss and other comprehensive income to the extent of dividends received and receivable. The Company's investments in associates and joint venture are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss and other comprehensive income on the straight-line basis over the lease terms.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss and other comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets *(Continued)*

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss and other comprehensive income in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss and other comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Computer	—	3 years
Motor vehicles	—	6 years
Office and site equipment	—	8 years

Where parts of an item of plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss and other comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and cash equivalents and trade and other receivables, which are classified as loans and receivables.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement of loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the profit or loss. The loss arising from impairment is recognised in the statement of profit or loss and other comprehensive income in "Other operating expenses".

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the statement of profit or loss and other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are valued at the lower of cost and net realisable value. Inventories of the Group comprise raw materials. Cost is based on a first in, first out basis and includes all costs in bringing the inventories to its present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Contract revenue and costs

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the state of completion of the contract activity at the end of the reporting period ("percentage of completion method").

The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) both the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, the stage of completion is measured by reference to the actual value of work done to-date based on physical completion to the proportion of total contract revenue (as defined below).

Contract revenue — Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they are capable of being reliably measured.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contract revenue and costs *(Continued)*

Contract costs — Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: subcontracting fees; site labour costs (including site supervision); costs of materials used in construction and depreciation of equipment used on the contract that is directly related to the contract.

At the end of the reporting period, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where the cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as a gross amount due from customers for contract work in progress. Where progress billings exceed the cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as a gross amount due to customers for contract work in progress.

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables".

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(a) Contract revenue

Revenue from the rendering of electrical engineering services is recognised by reference to the stage of completion of the contract activity at year end (the percentage of completion method).

Please refer to "Contract revenue and costs" above for details on the accounting policy on contract revenue.

(b) Sale of goods

Revenue from the sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of goods.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income taxes

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

(a) Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Current income taxes are recognised in profit or loss except to the extent that the tax related to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investment in a subsidiary, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investment in a subsidiary, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income taxes *(Continued)*

(b) Deferred tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would be recognised in profit or loss.

(c) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except:

- where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits

(a) Defined contribution plans

The Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

Segment reporting

The Group is principally engaged in the provision of electrical engineering services. Information reported of the Group's management for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

All revenue, operating expenses and assets and liabilities are derived from the operations in Singapore.

Dividends

Final dividends proposed by the Directors are classified as a separate allocation of retained earnings within the equity section of the consolidated statements of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currencies

The financial statements are presented in Singapore Dollars (S$), which the Company adopts as its functional currency and the presentation currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Impairment of non-financial assets

The Group assesses at each reporting date whether there are any indicators of impairment for all non-financial assets, including its plant and equipment and its interests in joint venture and associates at each reporting date. To determine whether there is any objective evidence of impairment, the Company considers external factors including decline in asset values, significant changes with an adverse effect in the market or economic or legal environment in which the entity operates and internal factors such as evidence from internal reporting.

Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(c) Interest in a joint venture

The Group holds a 50% equity interest in the joint venture. The Group does not have unilateral control over this entity. However, the Group has joint control since there are only two shareholders in the entity and all major decisions have to be jointly agreed by the two shareholders. Based on the facts and circumstances, management concluded that the Group has joint control over the entity.

(d) Interests in associates

The Group holds a 50% equity interest in each of the associates. The Group does not have unilateral control over these entities. The Group does not have joint control as well since there are more than two shareholders in each of the associates. Based on the facts and circumstances, management concluded that the Group does not have unilateral or joint control but is in a position to exercise significant influence on the associates.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Construction contracts

The Group recognises contract revenue and contract costs by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that the value of work done to-date based on physical completion to the total contract value.

Significant assumptions are required to estimate the total budgeted contract costs and the recoverable variation works. In making these estimates, management has relied on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities arising from construction contracts at the end of the reporting period are disclosed in note 18 to the financial statements.

If the estimated total construction cost increases/decreases by 10% from management's estimates, the Group's net profit after tax will be approximately S$1,122,000 (2013: S$861,000) lower/higher.

7. REVENUE

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

	2014 S$	2013 S$
Contract revenue	22,628,298	18,628,674
Sale of goods	—	31,834
	22,628,298	18,660,508

Information about major customers

There are 2 (2013: 3) customers who individually contributed more than 10% of the Group's revenue. Revenue with these customers amounted to S$11,041,000 (2013: S$2,516,000) and S$9,423,000 (2013: S$13,463,000) respectively.

8. OTHER OPERATING INCOME

	2014 S$	2013 S$
Bank interest income	7,296	26,598
Incentives from the Singapore Government	44,151	18,915
	51,447	45,513

8. OTHER OPERATING INCOME *(Continued)*

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

9. FINANCE COSTS

An analysis of finance costs is as follows:

	2014 S$	2013 S$
Bank charges	2,568	620

10. PROFIT BEFORE TAX

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

	Notes	2014 S$	2013 S$
(a) Auditors' remuneration		135,480	111,000
Depreciation of plant and equipment	17	41,217	40,800
Loss on plant and equipment written off	17	4,759	—
Cost of services provided		13,515,642	10,336,319
Cost of goods sold		—	40,610
Minimum lease payments under operating leases		293,468	143,352
Employee benefits (note b)		3,059,271	2,703,738
Legal and professional expense		102,164	—
Foreign exchange differences		135,938	—
Listing expenses		1,500,512	420,760
(b) Employee benefits (including directors' remuneration):			
— Directors' fees		37,917	—
— Salaries, wages and bonuses		2,841,298	2,556,027
— CPF contributions		180,056	147,711
		3,059,271	2,703,738

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

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

Directors' and the Chief Executive's remuneration, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and Section 161 of the Companies Ordinance, is as follows:

	2014 *S$*	2013 *S$*
Fees	37,917	—
Other remuneration:		
— Salaries and bonuses	435,000	414,000
— CPF contributions	20,825	20,475
	493,742	434,475

(i) Independent non-executive directors

The fees paid to independent non-executive directors during the year are as follows:

	Fees *S$*	Salaries and bonuses *S$*	CPF contributions *S$*	Total *S$*
Year ended 30 June 2014				
Wong Siew Chuan	14,583	—	—	14,583
Ng Tiow Swee	11,667	—	—	11,667
Chen Jianyuan, Edwin	11,667	—	—	11,667
	37,917	—	—	37,917

There were no other emoluments payable to the independent non-executive directors during the year (2013: Nil).

As at 30 June 2013, no independent non-executive directors had been appointed by the Company.

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

(Continued)

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

(Continued)

(ii) Executive directors

In respect of individuals, who acted as executive directors of the Company, the remuneration received or receivable from the Group during each of the year is as follows:

	Fees	Salaries and bonuses	CPF contributions	Total
	S$	*S$*	*S$*	*S$*
Year ended 30 June 2014				
Yeo Jiew Yew				
(Managing Director)	—	210,000	8,925	218,925
Sim Yew Heng	—	225,000	11,900	236,900
	—	435,000	20,825	455,825
Year ended 30 June 2013				
Yeo Jiew Yew				
(Managing Director)	—	210,000	8,775	218,775
Sim Yew Heng		204,000	11,700	215,700
	—	414,000	20,475	434,475

(b) Five highest paid employees

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

	2014	2013
Directors *(including Managing Director)*	2	2
Non-director employees	3	3
	5	5

Details of the remuneration of the directors are set out in (a) above.

11. DIRECTORS, CHIEF EXECUTIVE AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION *(Continued)*

(b) Five highest paid employees *(Continued)*

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

	2014 S$	2013 S$
Salaries and bonuses	283,150	212,450
CPF contributions	31,737	27,520
	314,887	239,970

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

	2014	2013
Nil to HK$1,000,000	3	3

During the year, no emoluments (2013: Nil) were paid by the Group to any of the persons who are directors (including Managing Director) of the Company, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors or the five highest paid individuals (2013: Nil) has waived any remuneration during the year.

12. INCOME TAX EXPENSE

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

	2014 S$	2013 S$
Current — Hong Kong	—	—
Current — Elsewhere:		
— Charge for the year	1,296,011	1,190,632
— Over provision in respect of previous years	(16,783)	(8,977)
Deferred	(3,190)	19,398
Total tax charge for the year	1,276,038	1,201,053

12. INCOME TAX EXPENSE *(Continued)*

Relationship between tax expense and accounting profit

A reconciliation of the tax expense applicable to profit before tax at the applicable statutory tax rates for the countries in which the Company and the subsidiary are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates for the year, are as follows:

	2014					
	S$	%	S$	%	S$	%
	Singapore		Cayman Islands		Total	
Profit/(loss) before tax	8,901,289		(1,877,982)		7,023,307	
Taxation at statutory tax rate	1,513,219	17.0	—	—	1,513,219	21.5
Adjustments:						
Non-deductible expenses	13,402	0.1	—	—	13,402	0.1
Effects of partial tax exemption and tax relief	(73,192)	(0.8)	—	—	(73,192)	(1.0)
Over provision in respect of previous years	(16,783)	(0.2)	—	—	(16,783)	(0.2)
Share of results of a joint venture and associates	(157,418)	(1.8)	—	—	(157,418)	(2.2)
Over provision of deferred tax liability	(3,190)	—	—	—	(3,190)	—
Income tax expense recognised in profit or loss	1,276,038	14.3	—	—	1,276,038	18.2

	2013					
	S$	%	S$	%	S$	%
	Singapore		Cayman Islands		Total	
Profit/(loss) before tax	8,163,383		(420,760)		7,742,623	
Taxation at statutory tax rate	1,387,775	17.0	—	—	1,387,775	17.9
Adjustments:						
Non-deductible expenses	11,897	0.1	—	—	11,897	0.1
Effects of partial tax exemption and tax relief	(69,307)	(0.8)	—	—	(69,307)	(0.9)
Over provision in respect of previous years	(8,977)	(0.1)	—	—	(8,977)	(0.1)
Share of results of a joint venture and associates	(119,154)	(1.5)	—	—	(119,154)	(1.5)
Others	(1,181)	—	—	—	(1,181)	—
Income tax expense recognised in profit or loss	1,201,053	14.7	—	—	1,201,053	15.5

No Hong Kong profits tax has been provided (2013: Nil) since no assessable profit arose in Hong Kong during the year.

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

The share of tax attributable to the joint venture and associates amounting to S$74,304 (2013: S$34,410) is included in "share of results of a joint venture" and "share of results of associates" in the statement of profit or loss and other comprehensive income respectively.

13. DIVIDENDS

	2014 S$	2013 S$
Declared and paid during the year:		
Dividends on ordinary shares:		
— Interim exempt dividend (2013: S$5.40 per share)	—	8,154,000
	—	8,154,000

No dividend was declared for the year. The dividends declared in the last financial year by Strike Electrical Engineering Pte Ltd ("Strike Singapore") to its shareholders were prior to the Reorganisation.

14. EARNINGS PER SHARE

The weighted average number of equity shares refers to shares in issue during the year. It has been adjusted for the issuance of new ordinary shares and the sub-division of shares prior to the Listing as set out in note 24. The basic earnings per share are based on the weighted average number of ordinary shares outstanding during the year.

The Group had no potentially dilutive ordinary shares (2013: Nil) in issue during the year.

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

	2014 S$	2013 S$
Earnings		
Profit attributable to equity holders of the Company, used in the basic earnings per share calculations	5,747,269	6,541,570
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculations	576,000,000	512,000,000*
Basic and diluted earnings per share (S$ cents)	1.00	1.28

* The subdivision of shares and shares issued under the Capitalisation Issue set out in note 24 are deemed effective in 2013 for the purpose of computation of the weighted average number of ordinary shares.

15. INTEREST IN A JOINT VENTURE

	Group	
	2014	2013
	S$	*S$*
Unlisted shares, at cost	**125,000**	125,000
Share of post-acquisition reserves	**1,211,357**	711,427
Share of net assets	**1,336,357**	836,427

The Group amount due from the joint venture is disclosed in note 20 to the financial statements.

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

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

The Group's shareholdings in the joint venture all comprise equity shares held through a wholly-owned subsidiary of the Company.

YL, which is considered a material joint venture of the Group and is accounted for using the equity method.

15. INTEREST IN A JOINT VENTURE *(Continued)*

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

	2014 S$	2013 S$
Joint venture's assets and liabilities:		
Cash and cash equivalents	535,268	1,200,164
Other current assets	2,647,816	2,744,920
Current assets	3,183,084	3,945,084
Non-current assets	713,586	689,652
Current liabilities	(831,625)	(2,567,254)
Non-current liabilities	(392,331)	(394,628)
Net assets	2,672,714	1,672,854
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	1,336,357	836,427
Revenue	8,543,513	8,214,226
Profit and total comprehensive income for the year after charging:	999,860	1,158,208
— Depreciation	(63,776)	(39,558)
— Income tax expense	(88,462)	(68,820)
Dividend received	—	125,000*

* The joint venture had declared and paid final exempt dividend amounting to S$250,000 to its shareholders during last year. The subsidiary of the Company had received dividend amounting to S$125,000 during last year.

16. INTERESTS IN ASSOCIATES

	Group 2014 S$	Group 2013 S$
Unlisted shares, at cost	200,000	200,000
Share of post-acquisition reserves	649,705	223,646
Share of net assets	849,705	423,646

The Group's amounts due from/to the associates are disclosed in notes 20 and 22 to the financial statements.

Particulars of the principal associates are as follows:

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

The Group's shareholdings in the associates all comprise equity shares held through a wholly-owned subsidiary of the Company.

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

16. INTERESTS IN ASSOCIATES *(Continued)*

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

	2014 **S$**	2013 S$
Current assets	**2,458,453**	825,513
Non-current assets	**510,946**	460,182
Current liabilities	**(1,911,671)**	(706,923)
Net assets	**1,057,728**	578,772
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's interest in the associate	**50%**	50%
Carrying amount of the investment	**528,864**	289,386
Revenue	**3,641,891**	954,221
Profit and total comprehensive income for the year	**478,956**	387,423

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

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

	2014 **S$**	2013 S$
Current assets	**1,078,758**	336,729
Non-current assets	**795,978**	150,291
Current liabilities	**(41,093)**	(11,274)
Non-current liabilities	**(1,191,961)**	(207,226)
Net assets	**641,682**	268,520
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's interest in the associate	**50%**	50%
Carrying amount of the investment	**320,841**	134,260
Revenue	**6,455,217**	5,097,700
Profit and total comprehensive income for the year	**373,162**	4,417

17. PLANT AND EQUIPMENT

	Group			
	Computer	Motor vehicles	Office and site equipment	Total
	S$	S$	S$	S$
Group				
Cost:				
At 1 July 2012	46,783	168,768	57,043	272,594
Additions	4,109	—	18,200	22,309
At 30 June 2013 and 1 July 2013	50,892	168,768	75,243	294,903
Additions	6,641	—	4,211	10,852
Write-off	(33,435)	—	(10,583)	(44,018)
At 30 June 2014	**24,098**	**168,768**	**68,871**	**261,737**
Accumulated depreciation:				
At 1 July 2012	31,657	75,267	16,713	123,637
Charge for the year	8,783	24,575	7,442	40,800
At 30 June 2013 and 1 July 2013	40,440	99,842	24,155	164,437
Charge for the year	7,030	24,575	9,612	41,217
Write-off	(32,645)	—	(6,614)	(39,259)
At 30 June 2014	**14,825**	**124,417**	**27,153**	**166,395**
Net carrying values:				
At 30 June 2014	**9,273**	**44,351**	**41,718**	**95,342**
At 30 June 2013	10,452	68,926	51,088	130,466

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

	Group	
	2014	2013
	S$	*S$*
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	**78,742,630**	91,081,376
Less: Progress billings	**(76,098,445)**	(84,225,973)
	2,644,185	6,855,403
Presented as:		
Gross amount due from customers for contract work in progress	**2,644,185**	6,855,403

As at 30 June 2014 and 2013, there were no advances received from customers for contract work in progress.

19. INVENTORIES

	Group	
	2014	2013
	S$	*S$*
Raw materials, at cost	**43,809**	57,694

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

20. TRADE AND OTHER RECEIVABLES

	Group 2014 S$	2013 S$
Trade receivables (non-current):		
Retention sum receivables	2,377,461	1,207,500
Trade receivables:		
Third parties	655,856	1,172,184
Amount due from a joint venture	—	6,680
Amount due from associates	—	6,578
Retention sum receivables	894,977	1,605,535
	1,550,833	2,790,977
Other receivables:		
Advances to staff	7,500	1,500
Deposits	59,850	29,700
Amount due from the immediate and ultimate holding company	—	12
	67,350	31,212
Total trade and other receivables (current)	1,618,183	2,822,189

Retention sum receivables refer to retention sum which will be partially billed upon the practical completion of the Group's 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.

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:

	2014 S$	2013 S$
Less than 30 days	640,307	1,161,350
30 to 60 days	11,235	—
More than 61 days	4,314	24,092
	655,856	1,185,442

20. TRADE AND OTHER RECEIVABLES *(Continued)*

Trade receivables *(Continued)*

As at 30 June 2014 and 2013, 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:

	2014	2013
	S$	*S$*
Neither past due nor impaired	**640,307**	1,161,350
Less than 30 days past due	**11,235**	15,836
More than 31 days and less than 60 days past due	**—**	—
More than 61 days past due	**4,314**	8,256
	655,856	1,185,442

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

Amounts due from the joint venture, associates, and the immediate and ultimate holding company

These amounts are unsecured, non-interest-bearing, and repayable upon demand and had been/are to be settled in cash.

21. CASH AND CASH EQUIVALENTS

	Group		**Company**	
	2014	2013	**2014**	2013
	S$	*S$*	***S$***	*S$*
Cash at banks and on hand	**10,251,791**	3,513,730	**7,377,356**	—
Short-term deposits	**8,000,219**	3,735,645	**—**	—
	18,252,010	7,249,375	**7,377,356**	—

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

As at 30 June 2013, short-term deposits amounting to S$3,735,645 are held in trust on behalf of the Group by the directors. Such amounts have been transferred to the bank accounts of the Group on 22 July 2013.

21. CASH AND CASH EQUIVALENTS *(Continued)*

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

	Group		Company	
	2014	2013	**2014**	2013
	S$	*S$*	***S$***	*S$*
Hong Kong Dollars	**7,377,356**	—	**7,377,356**	—

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	2013
	S$	*S$*	***S$***	*S$*
Trade payables:				
Third parties	**364,951**	574,897	**—**	—
Amounts due to associates	**—**	7,152	**—**	—
Amount due to the immediate and ultimate holding company	**—**	26,590	**—**	—
	364,951	608,639	**—**	—
Accruals for project costs	**5,923,320**	13,794,399	**—**	—
Other payables:				
Sundry payables	**5,243**	4,233	**—**	—
Accrued liabilities	**321,366**	239,970	**5,417**	—
GST payable	**115,924**	70,293	**—**	—
Amount due to a subsidiary	**—**	—	**24,036**	511,587
	442,533	314,496	**29,453**	511,587
Total	**6,730,804**	14,717,534	**29,453**	511,587

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

Trade payables/other payables

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

22. TRADE AND OTHER PAYABLES *(Continued)*

Trade payables/other payables *(Continued)*

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

	Group	
	2014	2013
	S$	*S$*
Trade payables:		
Less than 90 days	**364,951**	607,676
More than 90 days and less than 180 days	**—**	963
	364,951	608,639

Amounts due to the associates and the immediate and ultimate holding company

These amounts are trade related, unsecured, non-interest bearing, repayable on demand and had been/are to be settled in cash.

23. DEFERRED TAX LIABILITIES

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

	Group	
	2014	2013
	S$	*S$*
Differences in depreciation for tax purposes	**16,208**	19,398

24. SHARE CAPITAL AND SHARE PREMIUM

Shares

	2014	2013
	S$	*S$*
Authorised:		
5,000,000,000 (2013: 300,000) ordinary shares of HK$0.01 each (2013: HK$1.00 each)	**8,067,769**	48,880
Issued and fully paid:		
640,000,000 (2013: 300,000) ordinary shares of HK$0.01 each (2013: HK$1.00 each)	**1,048,880**	48,880

24. SHARE CAPITAL AND SHARE PREMIUM *(Continued)*

Shares *(Continued)*

During the year, the movements in share capital and share premium were as follows:

	Notes	Number of shares in issue	Issued share capital S$	Share premium account S$	Total S$
At 1 July 2012		—	—	—	—
Issuance of new shares on incorporation	(a)	1	1	—	1
Issuance of shares on the Reorganisation	(b)	299,999	48,879	3,700,767	3,749,646
At 30 June 2013 and 1 July 2013		300,000	48,880	3,700,767	3,749,647
Subdivision of shares	(c)	29,700,000	—	—	—
Shares issued under the Capitalisation Issue	(e)	482,000,000	790,164	(790,164)	—
Issuance of share capital pursuant to IPO	(f)	128,000,000	209,836	10,281,967	10,491,803
Listing expenses taken against share premium		—	—	(825,596)	(825,596)
		128,000,000	209,836	9,456,371	9,666,207
At 30 June 2014		640,000,000	1,048,880	12,366,974	13,415,854

Notes:

(a) The authorised share capital of the Company on the date of its incorporation was HK$300,000 divided into 300,000 shares of HK$1.00 each. On 19 June 2013, one nil-paid share of the Company was allotted and issued to Sharon Pierson as the initial subscriber, which was transferred to Victrad on the same date.

(b) On 29 June 2013, pursuant to a sale and purchase agreement entered into between the Company and Victrad, the Company acquired all the issued shares of Strike Singapore from Victrad, in consideration of HK$23,013,833, which was satisfied by (i) the allotment and issue of 299,999 shares of HK$1.00 each in the share capital of the Company by the Company to Victrad, credited as fully paid; and (ii) the crediting of the one nil-paid share of the Company which was held by Victrad as fully paid.

(c) On 9 December 2013, each authorised and issued share of a par value of HK$1.00 in the capital of the Company was sub-divided into 100 shares of a par value of HK$0.01 each (the "Share Sub-division"). Upon completion of the Share Sub-division, the authorised share capital of the Company was HK$300,000 divided into 30,000,000 shares of HK$0.01 each.

(d) On 9 December 2013, the authorised share capital of the Company was increased from HK$300,000 divided into 30,000,000 shares of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 shares of HK$0.01 each by the creation of an additional 4,970,000,000 shares of HK$0.01 each which rank pari passu in all respects with the existing shares.

(e) Pursuant to the written resolutions passed by the shareholder of the Company on 9 December 2013, conditional on the share premium account of the Company being credited as a result of the initial public offering ("IPO"), the directors were authorised to capitalise HK$4,820,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 482,000,000 shares for allotment and issue to the shareholders whose names appeared on the register of members of the Company at 4:00 p.m. on 9 December 2013 (the "Capitalisation Issue").

(f) In connection with the Company's IPO, 128,000,000 new shares and 32,000,000 existing shares of HK$0.01 each were offered at a price of HK$0.5 per share. Dealings in these shares on the Stock Exchange commenced on 30 December 2013.

25. RESERVES

Group

Merger reserves

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

Company

	Accumulated losses
	S$
At 19 June 2013 (date of incorporation)	—
Losses and total comprehensive loss for the period	420,760
At 30 June and 1 July 2013	420,760
Losses and total comprehensive loss for the year	1,877,982
At 30 June 2014	**2,298,742**

26. INVESTMENT IN A SUBSIDIARY

	Company	
	2014	2013
	S$	*S$*
Unlisted shares, at cost	**3,749,647**	3,749,647

Pursuant to the Reorganisation on 29 June 2013, the Company issued 300,000 ordinary shares of HK$1.00 each in consideration and in exchange for the entire issued share capital of the above subsidiary. Upon completion of the Reorganisation, the subsidiary became wholly-owned by the Company.

Particulars of the subsidiary are as follows:

Name	**Place of incorporation/ registration and business**	**Nominal value of issued and paid-up capital**	**Percentage of ownership interest**		**Principal activities**
			2014	2013	
Directly held:					
* Strike Electrical Engineering Pte Ltd ("Strike Singapore")	Singapore	S$1,510,000	**100**	100	Electrical works and general building engineering services

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

27. RELATED PARTY TRANSACTIONS

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

	Notes	2014 S$	2013 S$
Management fees charged by			
— immediate and ultimate holding company	(b)(i)	—	182,915
— joint venture	(b)(iv)	—	79,184
— associates	(b)(iv)	—	222,347
Sub-contractor fees charged by			
— immediate and ultimate holding company	(b)(ii)	—	50,288
— joint venture	(a)(i)	**5,005,149**	2,183,575
— associates	(a)(i)	**6,376,616**	3,801,835
Project costs recharged by/(to)			
— immediate and ultimate holding company	(b)(vii)	—	63,062
— joint venture	(b)(vii)	—	(75,102)
— associates	(b)(vii)	—	(62,097)
Progress billings raised on behalf by the immediate and ultimate holding company to customers	(b)(iii)	—	30,283
Operating expenses recharged by the immediate and ultimate holding company	(a)(ii)	**6,425**	41,124
Rental expense charged by the immediate and ultimate holding company	(a)(iii)	**104,500**	—
Management fees charged to			
— joint venture	(b)(v)	—	(3,663)
— associates	(b)(v)	—	(20,842)
Sales of materials to			
— joint venture	(b)(vi)	—	(19,262)
— associates	(b)(vi)	—	(12,572)

27. RELATED PARTY TRANSACTIONS *(Continued)*

(I) *(Continued)*

(a) Recurring

(i) During the year, Strike Singapore had subcontracted some electrical engineering works to the joint venture and associates. The amount subcontracted to the joint venture constituted a continuing connected transaction as defined under Chapter 14A of the Listing Rules. Details of the transaction have been set out in the section headed "Report of the Directors" of this annual report.

(ii) Operating expenses recharged by the immediate and ultimate holding company mainly refer to the utilities and telephone charges for the office premises, and upkeep expense on the motor vehicles which was paid on behalf by Victrad.

(iii) Rental expense was charged by the immediate and ultimate holding company with reference to the rates of other similar premises. The immediate and ultimate holding company, Victrad, being our controlling shareholder, is a connected person of our Company. The rental expense paid to Victrad was less than HK$3 million (approximately S$484,100) and the percentage ratios mentioned in rule 14.07 of the Listing Rules was less than 5%, therefore, it falls below the de minimal threshold under Rule 14A.76 of the Listing Rules and thus was not subject to any reporting, announcement or independent shareholders' approval requirements.

(b) Non-recurring

(i) During the year, management fee charged to the Group related mainly to the salaries of the management team and the project team whose salaries were recorded under Victrad during the transition period of the restructuring where Victrad became the immediate and ultimate holding company of Strike Singapore. As at 30 June 2013, the management team and the project teams have been fully transferred to Strike Singapore.

(ii) In the year ended 30 June 2013, Strike Singapore had subcontracted some electrical engineering works to Victrad as part of the Group's internal restructuring. This subcontracting service was subsequently terminated as the Group underwent the Reorganisation to prepare for the Listing.

(iii) In the year ended 30 June 2013, Victrad raised billings to customers on behalf of Strike Singapore for certain projects that were transferred from Victrad. As at 30 June 2013, these projects had been completed.

(iv) Subsequent to the incorporation of the joint venture and associates, Strike Singapore continued to engage the services of the 3 ex-employees who resigned and became shareholders of these companies. Their services were engaged for projects which they were involved in while in employment with Strike Singapore.

(v) In some projects subcontracted to the joint venture and associates in a(i), Strike Singapore provided services of the related project teams to the joint venture and associates. These project teams had prior involvement in the projects before the projects were subcontracted. Management fees were charged to the joint venture and associates for the services of these project teams.

(vi) In the year ended 30 June 2013, Strike Singapore sold some raw materials to the joint venture and associates. Such transactions took place as and when the need arose for the joint venture and associates.

27. RELATED PARTY TRANSACTIONS *(Continued)*

(I) *(Continued)*

(b) Non-recurring (Continued)

(vii) In the course of subcontracting of projects, costs incurred on behalf or costs billed by customers for the relevant projects were recharged to the joint venture and associates accordingly. Similarly, for projects which were transferred from Victrad, during the transition period of the restructuring where Victrad became the immediate and ultimate holding company of Strike Singapore, such costs were recharged to Strike Singapore.

(II) Outstanding balances with related parties

Details of the Group's balances with the immediate and ultimate holding company, the joint venture and associates are disclosed in notes 20 and 22 to the financial statements.

(III) Commitments with related parties

On 1 August 2013, Strike Singapore entered into two-year agreement with Victrad, the immediate & ultimate holding company, for the lease of office premises. The amount of total rental expense charged by Victrad for the year is included in note 27(1)(a)(iii) to the financial statements. The total rental expenses payable to Victrad by the Group in the financial year ending 30 June 2015 and 2016 amount to S$114,000 and S$9,500, respectively. Victrad, being our controlling shareholder, is a connected person of our Company. The rental expenses payable to Victrad was less than HK$3 million (approximately S$484,100) and the percentage ratios mentioned in rule 14.07 of the Listing Rules was less than 5%, therefore, it falls below the de minimal threshold under Rule 14A.76 of the Listing Rules and thus was not subject to any reporting, announcement or independent shareholders' approval requirements.

(IV) Compensation of key management personnel of the Group

	2014	2013
	S$	*S$*
Directors' fees	**37,917**	—
Salaries and bonuses	**762,375**	587,175
CPF contributions	**63,221**	44,759
	863,513	631,934
Related parties		
Remuneration paid to close family members of key management personnel	**48,488**	46,429

28. OPERATING LEASE ARRANGEMENT

As a lessee:

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

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

	Group	
	2014	2013
	S$	S$
Amount payable within a year	**114,000**	—
Amount payable within 2 to 5 years	**9,500**	—
	123,500	—

29. CONTINGENT LIABILITIES

At 30 June 2014, the contingent liabilities not provided for in the financial statements were as follows:

		Group	
		2014	2013
		S$	S$
Guarantees:			
Security bonds to the Singapore Government in relation to foreign workers	(i)	**495,000**	550,000
Share of a joint indemnity with an associate given to customers in respect of foreign workers employed by the associate for a project	(ii)	**—**	26,000
		495,000	576,000

(i) As required by the Singapore Government for each foreign worker hired, companies must submit a security bond of S$5,000 to the Controller of Work Passes. During the year, the Group has hired certain foreign workers and has arranged for an insurance company (the "Insurer") to provide insurance guarantees with the Singapore Government. The Directors believe that no foreign workers of the Group have breached the relevant regulations during the year. Accordingly, the Group has not provided for any provision in relation to such law. During the year, the guarantees provided by the Insurer were S$550,000 and S$495,000 as at 30 June 2013 and 2014, respectively.

(ii) The Group was required to provide a joint indemnity to the customer in respect of the customer's undertaking granted to the Singapore Government for the hiring of foreign workers by the associate for a project. The Group has arranged for an insurance company to provide such indemnity to the customer. Such amount was discharged as at 30 June 2014.

30. FINANCIAL INSTRUMENTS

(i) Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	Group		Company	
	2014 S$	2013 S$	2014 S$	2013 S$
Loans and receivables				
Trade and other receivables	3,995,644	4,029,689	—	—
Cash and cash equivalents	18,252,010	7,249,375	7,377,356	—
	22,247,654	11,279,064	7,377,356	—
Financial liabilities measured at amortised cost				
Trade and other payables (excluding GST payable)	6,614,880	14,647,241	29,453	511,587

(ii) Fair value and fair value hierarchy of financial instruments

Management has assessed that the fair values of cash and cash equivalents, trade and other receivables, trade and other payables approximate to their carrying amounts largely due to the short-term maturities of the instruments.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances and short-term deposits. The main purpose of these financial instruments is to manage funds for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Singapore Dollars. The Group's cash and cash equivalents at the end of the year have foreign exchange exposures.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Sensitivity analysis for foreign currency risk

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

	Group	
	2014	2013
	S$	*S$*
HK$ — strengthened 5% (2013: 5%)	**368,868**	—
— weakened 5% (2013: 5%)	**(368,868)**	—

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's exposure to liquidity risk arises in the general funding of the Group's operating activities. The Group's cash and cash equivalents and operating cash flows are actively managed to ensure adequate working capital requirements and that repayment and funding needs are met.

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations.

Group

	30 June 2014 *S$*			30 June 2013 *S$*		
	Within one year	**One to five years**	**Total**	Within one year	One to five years	Total
Financial liabilities						
Trade and other payables (excluding GST repayable)	**6,614,880**	**—**	**6,614,880**	14,647,241	—	14,647,241
Total undiscounted financial liabilities	**6,614,880**	**—**	**6,614,880**	14,647,241	—	14,647,241

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

Company

	30 June 2014 S$			30 June 2013 S$		
	Within one year	One to five years	Total	Within one year	One to five years	Total
Financial liabilities						
Other payables	29,453	—	29,453	511,587	—	511,587
Total undiscounted financial liabilities	29,453	—	29,453	511,587	—	511,587

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's main exposure to credit risk arises primarily from trade and other receivables and cash and cash equivalents. The credit risk on such trade and other receivables is minimal as the Group adopts the policy of dealing only with customers and counterparties of appropriate credit history. For cash and cash equivalents, the Group minimises credit risk by placing the surplus funds with reputable banks.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by any carrying amount of each class of financial assets recognised in the statement of financial position.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the individual profile of its trade receivables on an on-going basis. At the end of the reporting period, approximately 99% (2013: 100%) of the Group's trade receivables were due from the top 2 (2013: top 5) trade debtors.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in note 20 to the financial statements.

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 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 year.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management *(Continued)*

The Group has no loans or borrowings as at the end of the reporting period. The Group seeks to maintain a sustainable gearing ratio to meet its existing requirements. The Group will continue to apply prudent financial policies which are to finance the operations mainly through cash generated from the operating activities.

	Group	
	2014	2013
	S$	*S$*
Trade and other payables	**6,730,804**	14,717,534
Less: Cash and cash equivalents	**(18,252,010)**	(7,249,375)
Net (cash)/debt	**(11,521,206)**	7,468,159
Equity attributable to owners of the Company	**19,200,311**	3,786,835
Capital and net debt	**7,679,105**	11,254,994
Gearing ratio	**Not applicable**	66%

32. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 June 2014, an associate, NEK, had called for an additional paid-up capital of S$50,000 in total divided into 50,000 shares at S$1.00 each from its shareholders in proportion to their existing shareholdings. The Group's subsidiary, Strike Singapore, having 50% shareholdings of NEK, subscribed for 25,000 shares in cash from the Company's IPO proceeds, and the remaining was subscribed by the remaining shareholder of NEK. Post subscription to the additional paid-up capital, Strike Singapore continues to maintain a 50% stake in NEK and continues to account for NEK as an associate. The increase in share capital was effective on 29 August 2014. The purpose of this new capital is to finance the associate's business operation.

Subsequent to 30 June 2014, a joint venture, YL, had called for an additional paid-up capital of S$250,000 in total divided into 250,000 shares at S$1.00 each from its shareholders in proportion to their existing shareholdings. The Group's subsidiary, Strike Singapore, having 50% shareholdings of YL, subscribed for 125,000 shares in cash from the Company's IPO proceeds, and the remaining was subscribed by the remaining shareholder of YL. Post subscription to the additional paid-up capital, Strike Singapore continues to maintain a 50% stake in YL and continues to account for YL as a joint venture. The increase in share capital was effective on 9 September 2014. The purpose of this new capital is to finance the joint venture's business operation.

33. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current year's presentation.

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 September 2014.

Four Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last four financial years, as extracted from the published financial statements, is set out below:

	Year ended 30 June			
	2014	2013	2012	2011
	S$	*S$*	*S$*	*S$*
REVENUE	**22,628,298**	18,660,508	15,609,071	32,522,617
Cost of sales	**(13,515,642)**	(10,376,929)	(10,556,584)	(25,069,464)
Gross profit	**9,112,656**	8,283,579	5,052,487	7,453,153
Other operating income	**51,447**	45,513	47,116	20,344
Administrative expenses	**(2,771,721)**	(1,273,041)	(878,315)	(832,477)
Other operating expenses	**(292,496)**	(87,832)	(98,862)	(97,248)
Finance costs	**(2,568)**	(620)	(82)	(132)
Share of results of a joint venture	**499,930**	579,104	130,590	126,733
Share of results of associates	**426,059**	195,920	27,726	—
PROFIT BEFORE TAX	**7,023,307**	7,742,623	4,280,660	6,670,373
Income tax expense	**(1,276,038)**	(1,201,053)	(611,092)	(1,083,953)
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**5,747,269**	6,541,570	3,669,568	5,586,420

Assets and liabilities:

	As at 30 June			
	2014	2013	2012	2011
	S$	*S$*	*S$*	*S$*
Total assets	**27,243,334**	19,714,399	22,560,898	29,788,798
Total liabilities	**(8,043,023)**	(15,927,564)	(17,161,633)	(22,623,101)
Total equity	**19,200,311**	3,786,835	5,399,265	7,165,697