

Kingbo Strike Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1421



**INTERIM REPORT
2014/2015**





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Corporate Information

DIRECTORS

Executive Directors

Mr Yeo Jiew Yew (*Managing Director*)
Mr Sim Yew Heng

Non-Executive Directors

Mr Peng Rongwu
Mr Tam Tak Wah

Independent Non-Executive Directors

Mr Ng Tiow Swee (*Chairman*)
Ms Wong Siew Chuan
Mr Chen Jianyuan, Edwin

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

AUDITORS

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

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Standard Chartered Bank (Singapore) Limited

SHARE INFORMATION ORDINARY SHARE LISTING

Place of listing

Main Board of The Stock Exchange of
Hong Kong Limited

Stock code 1421

Board lot size 5,000 shares

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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
A18/F, Asia Orient Tower
Town Place, 33 Lockhart Road
Wanchai
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

22 Tagore Lane
Singapore 787480

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19/F, Prosperity Tower
39 Queen's Road Central
Central
Hong Kong

COMPANY SECRETARY

Mr Li Chi Chung, Solicitor, Hong Kong
19/F, Prosperity Tower
39 Queen's Road Central
Central
Hong Kong

COMPLIANCE ADVISER

Grand Vinco Capital Limited
Units 4909–4910
49/F, The Center
99 Queen's Road Central
Hong Kong

WEBSITE OF THE COMPANY

www.kingbostrike.com

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2014

The board (the "Board") of directors (the "Directors") of Kingbo Strike Limited (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiary (collectively, the "Group") for the six months ended 31 December 2014 (the "Interim Period") together with comparative figures for the six months ended 31 December 2013 as follows:

	Note	Six months ended 31 December	
		2014 S\$ Unaudited	2013 S\$ Unaudited
REVENUE	6	5,126,459	13,043,229
Cost of Sales		(3,471,999)	(9,289,907)
Gross Profit		1,654,460	3,753,322
Other operating income	6	442,215	10,058
Administrative expenses		(621,737)	(1,926,348)
Other operating expenses		(161,204)	(196,588)
Finance costs		(183)	(1,233)
Shares of results of a joint venture		644,707	121,156
Shares of results of associates		112,175	230,971
PROFIT BEFORE TAX	7	2,070,433	1,991,338
Income tax expense	8	(140,538)	(488,665)
PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,929,895	1,502,673
PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY		1,929,895	1,502,673
Earnings per share attributable to equity holders of the Company			
Basic and diluted earnings per share (in cents)	9	0.30	0.23
Dividend	10	—	—



Condensed Consolidated Statement of Financial Position

As at 31 December 2014

	Note	31 December 2014 S\$ Unaudited	30 June 2014 S\$ Audited
NON-CURRENT ASSETS			
Interest in a joint venture	11	1,966,064	1,336,357
Interests in associates	12	961,880	849,705
Plant and equipment	13	404,594	95,342
Trade and other receivables	14	973,768	2,377,461
Total non-current assets		4,306,306	4,658,865
CURRENT ASSETS			
Gross amount due from customers for contract work-in-progress	15	3,910,940	2,644,185
Inventories	16	49,773	43,809
Prepayments		38,302	26,282
Trade and other receivables	14	1,403,556	1,618,183
Cash and cash equivalents	17	17,500,786	18,252,010
Total current assets		22,903,357	22,584,469
CURRENT LIABILITIES			
Income tax payable		788,538	1,296,011
Trade and other payables	18	5,274,711	6,730,804
Total current liabilities		6,063,249	8,026,815
NET CURRENT ASSETS		16,840,108	14,557,654
TOTAL ASSETS LESS CURRENT LIABILITIES		21,146,414	19,216,519
NON-CURRENT LIABILITIES			
Deferred tax liabilities		16,208	16,208
		16,208	16,208
Net Assets		21,130,206	19,200,311
EQUITY			
Share capital	19	1,048,880	1,048,880
Share premium	19	12,366,974	12,366,974
Retained earnings		9,953,999	8,024,104
Merger reserves		(2,239,647)	(2,239,647)
Total equity		21,130,206	19,200,311



Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2014

	Attributable to equity holders of the Company				Total Equity Unaudited S\$
	Share capital (Note 19) S\$	Share premium S\$	Retained earnings S\$	Merger reserves S\$	
At 1 July 2014	1,048,880	12,366,974	8,024,104	(2,239,647)	19,200,311
Profit and total comprehensive income for the period	—	—	1,929,895	—	1,929,895
At 31 December 2014	1,048,880	12,366,974	9,953,999	(2,239,647)	21,130,206
At 1 July 2013	48,880	3,700,767	2,276,835	(2,239,647)	3,786,835
Issuance of new ordinary shares pursuant to the share offer by capitalisation	790,164	(790,164)	—	—	—
Issuance of new ordinary shares pursuant to the share offer by placing and public offer	209,836	9,456,371	—	—	9,666,207
Profit and total comprehensive income for the period	—	—	1,502,673	—	1,502,673
At 31 December 2013	<u>1,048,880</u>	<u>12,366,974</u>	<u>3,779,508</u>	<u>(2,239,647)</u>	<u>14,955,715</u>



Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2014

	2014 S\$ Unaudited	2013 S\$ Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	(190,651)	3,055,938
Interests received	16,668	3,814
Income tax paid	(648,011)	(595,352)
Net cash flows (used in)/generated from operating activities	(821,994)	2,464,400
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in a joint venture	(125,000)	—
Investment in associates	(25,000)	—
Purchase of items of plant and equipment	(364,954)	—
Dividend distribution from a joint venture	140,000	—
Dividend distribution from associates	25,000	—
Proceeds on sales of items of plant and equipment	2,505	—
Net cash flows used in investing activities	(347,449)	—
CASH FLOW FROM FINANCING ACTIVITIES		
Net proceeds from issue of shares	—	1,682,400
Net cash flows generated from financing activities	—	1,682,400
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,169,443)	4,146,800
Effects of currency translation on cash and cash equivalents	418,219	—
Cash and cash equivalents at the beginning of the period	18,252,010	7,249,375
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	17,500,786	11,396,175
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at banks and on hand	9,490,251	11,396,175
Non-pledged time deposits with original maturity of less than six months when acquired	8,010,535	—
	17,500,786	11,396,175



Notes to the Condensed Consolidated Financial Statements

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 19 June 2013 as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The Company's registered office address is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the predecessor Companies Ordinance (Chapter 32 of the laws of Hong Kong) on 5 September 2013 and the principal place of business in Hong Kong registered is at 19/F, 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 in Singapore. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 December 2013 (the "Listing").

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.

At as the date of this report, the Company had a direct interest in the following subsidiary:

Name	Place of incorporation/ registration and business	Nominal value of issued and paid up capital	Percentage of ownership interest as at	
			31 December 2014	30 June 2014
Directly held:				
Strike Electrical Engineering Pte. Ltd. ("Strike Singapore")	Singapore	S\$1,510,000	100	100

2. BASIS OF PREPARATION

These unaudited consolidated financial statements for the Interim Period 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 (Chapter 622 of the laws of Hong Kong) and Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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



Notes to the Condensed Consolidated Financial Statements (Continued)

2. BASIS OF PREPARATION (Continued)

Basis of consolidation

The unaudited consolidated financial statements comprise the financial statements of the Company and its subsidiary for the Interim Period. These interim 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.

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

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.

3. PRINCIPAL ACCOUNTING POLICIES

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

	Effective date (annual periods beginning on or after)
Amendments to IFRS 11 Joint Arrangement	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment & IAS 38 Intangible Assets	1 January 2016
Amendments to IAS 27 Equity Method in Separate Financial Statements	1 January 2016
Narrow-scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)	1 January 2016
Annual improvements to IFRS 2012–2014 cycle	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2017
IFRS 9 Financial Instruments	1 January 2018

The Group's interim financial statements has not been audited by the Company's external auditors, but has been reviewed by the audit committee of the Company (the "Audit Committee").

4. ESTIMATES

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



Notes to the Condensed Consolidated Financial Statements (Continued)

5. SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the provision of electrical engineering services. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

During the reporting periods, the Group's revenue from external customers was derived solely from its operations in Singapore and the non-current assets of the Group were located in Singapore.

6. REVENUE AND OTHER OPERATING INCOME

Our Group's revenue represents an appropriate proportion of contract revenue of construction contracts; the net invoiced value of goods sold, after allowances for returns and trade discount during the respective reporting periods. Revenue and other operating income recognised during the respective reporting periods are as follows:

	Six months ended 31 December	
	2014 S\$ Unaudited	2013 S\$ Unaudited
Revenue		
Contract revenue	5,126,459	13,043,229
	5,126,459	13,043,229
Other operating income		
Foreign exchange differences (note 1)	418,219	—
Interest income from bank deposits	16,668	3,814
Incentives from government (note 2)	5,528	6,244
Others	1,800	—
	442,215	10,058

Notes:

- (1) Foreign exchange differences refer to the unrealised exchange gain arising from the strengthening of bank balances denominated in Hong Kong dollar against Singapore dollar at the closing of the Interim Period.
- (2) Incentives from government are referring to Special Employment Credit to support employer of older workers with age above 55 from the Singapore Government. There are no unfulfilled conditions or contingencies relating to these incentives.



Notes to the Condensed Consolidated Financial Statements (Continued)

7. PROFIT BEFORE TAX

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

	Six months ended 31 December	
	2014 S\$ Unaudited	2013 S\$ Unaudited
Profit before tax		
(a) Cost of services provided	3,471,999	9,289,907
Auditors' remuneration	99,241	90,980
Depreciation of plant and equipment	43,159	20,572
Loss on disposal of plant and equipment	10,036	—
Minimum lease payments under operating leases	57,000	47,500
Employee benefits (refer to note b below)	1,378,269	1,345,855
(b) Employee benefits (including Directors' remuneration):		
Directors' fees	32,500	—
Salaries, wages and bonuses	1,273,314	1,272,471
Central provident fund ("CPF") contributions	72,455	73,384
	1,378,269	1,345,855

8. INCOME TAX EXPENSE

	Six months ended 31 December	
	2014 S\$ Unaudited	2013 S\$ Unaudited
Current — Singapore		
— Tax charge for the period	140,538	488,665

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

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

The share of tax attributable to the joint venture and associates amounted to S\$756,882 (2013: S\$352,127) is included in "share of results of a joint venture" and "share of results of associates" in the condensed consolidated statement of profit or loss and other comprehensive income respectively.



Notes to the Condensed Consolidated Financial Statements (Continued)

9. BASIC AND DILUTED EARNINGS PER SHARE

	Six months ended 31 December	
	2014 S\$ Unaudited	2013 S\$ Unaudited
Earnings		
Profit attributable to equity holders of the Company	1,929,895	1,502,673
Shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	640,000,000	640,000,000
Basic earnings per share (S\$ cents)	0.30	0.23

For the purpose of this financial statement, the calculation of basic earnings per share attributable to equity holders of the Company was based on (i) the profit attributable to owners of the Company; and (ii) the weighted average number of 640,000,000 shares as at 31 December 2014 and 31 December 2013 comprising shares issued immediately following the Listing (details was described in Appendix IV — Statutory and general information to the prospectus of the Company dated 16 December 2013 (the “Prospectus”)) and assuming 640,000,000 shares were issued since 1 July 2013. During the Interim Period, there is no movement in share capital of the Company.

During the Interim Period, no adjustment has been made to the basic earnings per share amounts presented as the Company had no potentially dilutive ordinary share in issue.

10. DIVIDEND

No dividend was declared for the Interim Period (2013: Nil).



Notes to the Condensed Consolidated Financial Statements (Continued)

11. INTEREST IN A JOINT VENTURE

	31 December 2014 S\$ Unaudited	30 June 2014 S\$ Audited
Unlisted shares, at cost	250,000	125,000
Share of post-acquisition reserves	1,716,064	1,211,357
Share of net assets	<u>1,966,064</u>	<u>1,336,357</u>

There is no outstanding amount due from/to the joint venture during the respective reporting periods.

Particulars of the Group's jointly venture are as follow:

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

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

During the Interim Period, the Group has subscribed additional 125,000 shares in YL at S\$1.00 each in cash from the Initial Public Offering ("IPO") proceeds.

YL, which is considered a material joint venture of the Group and is accounted for using the equity method. During the Interim Period, the Group has received from YL an interim dividend of S\$140,000.



Notes to the Condensed Consolidated Financial Statements (Continued)

12. INTERESTS IN ASSOCIATES

	31 December 2014 S\$ Unaudited	30 June 2014 S\$ Audited
Unlisted shares, at cost	225,000	200,000
Share of post-acquisition reserves	736,880	649,705
Share of net assets	<u>961,880</u>	<u>849,705</u>

There is no outstanding amount due from/to the associates during the respective reporting periods.

Particulars of the Group's associates are as follows:

Name	Place of registration and business	Ownership interest	Voting power	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

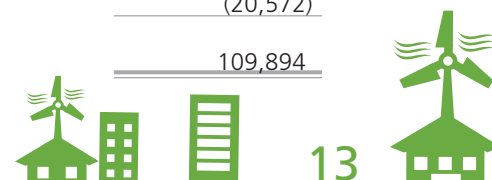
The Group's shareholdings in the associates all comprise equity shares held through a wholly-owned subsidiary of the Company.

During the Interim Period, the Group has subscribed additional 25,000 shares in NEK at S\$1.00 each in cash from the IPO proceeds.

NEK and SRM, which are considered material associates of the Group and are accounted for using the equity method. During the Interim Period, the Group has received from NEK an interim dividend of S\$25,000.

13. PLANT AND EQUIPMENT

	Unaudited S\$
Net carrying amount at 1 July 2014	95,342
Additions	364,954
Disposals	(12,543)
Depreciation (note 7)	<u>(43,159)</u>
Net carrying amount at 31 December 2014	<u>404,594</u>
Net carrying amount at 1 July 2013	130,466
Depreciation (note 7)	<u>(20,572)</u>
Net carrying amount at 31 December 2013	<u>109,894</u>



Notes to the Condensed Consolidated Financial Statements (Continued)

14. TRADE AND OTHER RECEIVABLES

	31 December 2014 S\$ Unaudited	30 June 2014 S\$ Audited
Trade receivables (non-current):		
Retention sum receivables	973,768	2,377,461
Trade receivables:		
Third parties	86,133	655,856
Retention sum receivables	1,151,313	894,977
	1,237,446	1,550,833
Other receivables:		
Advances to staff	112,100	7,500
Deposits	54,010	59,850
	166,110	67,350
Total trade and other receivables (current)	1,403,556	1,618,183

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 contract's retention period.

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 receivable (excluding retention sum receivables) as at the end of the reporting periods, based on the invoice date, are as follows:

	31 December 2014 S\$ Unaudited	30 June 2014 S\$ Audited
Less than 30 days	86,133	640,307
30 to 60 days	—	11,235
More than 61 days	—	4,314
	86,133	655,856



Notes to the Condensed Consolidated Financial Statements (Continued)

14. TRADE AND OTHER RECEIVABLES (Continued)

As at 31 December 2014 and 30 June 2014, the Group's trade receivables were not impaired. The ageing analysis of the trade receivables (excluding retention sum receivables) that are neither individually nor collectively considered to be impaired are as follows:

	31 December 2014 S\$ Unaudited	30 June 2014 S\$ Audited
Neither past due nor impaired	86,133	640,307
Less than 30 days past due	—	11,235
More than 31 days and less than 60 days past due	—	—
More than 61 days past due	—	4,314
	<u>86,133</u>	<u>655,856</u>

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 fully recoverable. The Group does not hold any collateral or other credit enhancement over these balances.

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

	31 December 2014 S\$ Unaudited	30 June 2014 S\$ Audited
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	85,773,193	78,742,630
Less: Progress billings	<u>(81,862,253)</u>	<u>(76,098,445)</u>
	<u>3,910,940</u>	<u>2,644,185</u>
Presented as:		
Gross amount due from customers for contract work	<u>3,910,940</u>	<u>2,644,185</u>

As at 31 December 2014 and 30 June 2014, there were no advances received from customers for contract work in progress.



Notes to the Condensed Consolidated Financial Statements (Continued)

16. INVENTORIES

	31 December 2014 S\$ Unaudited	30 June 2014 S\$ Audited
Raw materials, at cost	<u>49,773</u>	<u>43,809</u>

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

17. CASH AND CASH EQUIVALENTS

	31 December 2014 S\$ Unaudited	30 June 2014 S\$ Audited
Cash at banks and on hand	<u>9,490,251</u>	10,251,791
Short-term deposits	<u>8,010,535</u>	<u>8,000,219</u>
	<u>17,500,786</u>	<u>18,252,010</u>

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

Bank balances denominated in foreign currency as at reporting periods are as follows:

	31 December 2014 S\$ Unaudited	30 June 2014 S\$ Audited
Hong Kong Dollars	<u>7,640,209</u>	<u>7,377,356</u>



Notes to the Condensed Consolidated Financial Statements (Continued)

18. TRADE AND OTHER PAYABLES

	31 December 2014 S\$ Unaudited	30 June 2014 S\$ Audited
Trade payables:		
Third parties	502,677	364,951
	<u>502,677</u>	<u>364,951</u>
Accrual for project costs	<u>4,389,069</u>	5,923,320
Other payables:		
Sundry payables	—	5,243
Accrued liabilities	294,650	321,366
Goods and services tax payable	88,315	115,924
	<u>382,965</u>	<u>442,533</u>
Total	<u><u>5,274,711</u></u>	<u><u>6,730,804</u></u>

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

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

	31 December 2014 S\$ Unaudited	30 June 2014 S\$ Audited
Trade payables:		
Less than 90 days	502,677	364,951



Notes to the Condensed Consolidated Financial Statements (Continued)

19. SHARE CAPITAL AND SHARE PREMIUM

	31 December 2014 S\$ Unaudited	30 June 2014 S\$ Audited
<i>Authorised:</i> 5,000,000,000 (2013: 5,000,000,000) ordinary shares of HK\$0.01 each (2013: HK\$0.01 each)	<u>8,067,769</u>	<u>8,067,769</u>
<i>Issued and fully paid:</i> 640,000,000 (2013: 640,000,000) ordinary shares of HK\$0.01 each (2013: HK\$0.01 each)	<u>1,048,880</u>	<u>1,048,880</u>

During the Interim Period, there is no movement in share capital and share premium:

	Number of shares in issue	Issued share capital S\$	Share premium account S\$	Total S\$
At 1 July 2014	<u>640,000,000</u>	<u>1,048,880</u>	<u>12,366,974</u>	<u>13,415,854</u>
At 31 December 2014	<u>640,000,000</u>	<u>1,048,880</u>	<u>12,366,974</u>	<u>13,415,854</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

20. RELATED PARTY TRANSACTIONS

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

	Note	Six months ended 31 December	
		2014 S\$ Unaudited	2013 S\$ Unaudited
Sub-contractor fees charged by			
— associates	(a)(i)	2,975,122	3,402,660
— joint venture	(a)(ii)	1,005,975	3,148,597
Company secretarial fee charged by the subsidiary to			
— joint venture	(a)(iii)	600	—
— associates	(a)(iii)	1,200	—
Rental expenses charged by the immediate and ultimate holding company	(a)(iv)	57,000	47,500
Operating expenses recharged by the immediate and ultimate holding company	(b)(i)	—	6,254

Notes:

(a) Recurring

- (i) During the reporting periods, Strike Singapore had subcontracted some electrical engineering works to the associates.
- (ii) During the six months ended 31 December 2013, Strike Singapore paid a subcontractor fee of S\$3,148,597 to the joint venture, YL, constituted a continuing connected transaction as defined under Chapter 14A of 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 was 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 for the Interim Period.
- (iii) With effect from 1 July 2014, Strike Singapore had charged a half-yearly corporate secretarial fee to the joint venture and associates for the services rendered.
- (iv) 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\$511,850) and the percentage ratios mentioned in rule 14.07 of the Listing Rules was less than 5%, therefore, it falls below the de minimis threshold under Rule 14A.76 of the Listing Rules and thus was not subject to any reporting, announcement or independent shareholders' approval requirements.



Notes to the Condensed Consolidated Financial Statements (Continued)

20. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

Notes: (Continued)

(b) Non-Recurring

- (i) 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 during the six months ended 31 December 2013.

The Directors are of the opinion that these related party transactions were conducted in the ordinary course of business of the Group.

- (b) There is no outstanding balance with the immediate and ultimate holding company, joint venture and associates as at the 31 December 2014.

(c) Commitments with related parties

Strike Singapore had entered into two-year agreement with Victrad, the immediate and ultimate holding company, for the lease of office premises from 1 August 2013 to 31 July 2015 at a monthly rental of S\$9,500. The amount of total rental expense charged by Victrad for the Interim Period was included in note 20(a)(iv) to the financial statements. The total rental expenses payable to Victrad by the Group in the six months ending 30 June 2015 and to the expiry of the rental agreement 31 July 2015 is amounting to S\$57,000 and S\$9,500, respectively.

(d) Compensation of key management personnel of the Group

	Six months ended 31 December	
	2014 S\$ Unaudited	2013 S\$ Unaudited
Directors' fee	32,500	—
Salaries and bonuses	316,500	316,500
CPF contributions	24,198	24,198
	<u>373,198</u>	<u>340,698</u>
Related parties		
Remuneration paid to close family members of key management personnel	<u>18,792</u>	<u>23,432</u>



Notes to the Condensed Consolidated Financial Statements (Continued)

21. CONTINGENT LIABILITIES

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

	31 December 2014 S\$ Unaudited	30 June 2014 S\$ Audited
Security bonds to Singapore government in relation to foreign workers	<u>585,000</u>	<u>495,000</u>

As required by the Singapore Government for each foreign worker hired, companies must submit a security bond of S\$5,000 to the Controller of Work Passes. During the reporting periods, the Group has hired certain foreign workers and has arranged for an insurance company to provide insurance guarantees with the Singapore Government. The Directors believe that no foreign workers of the Group have breached the relevant regulations during the reporting periods. Accordingly, the Group has not provided for any provision in relation to such law.

22. EVENTS AFTER THE REPORTING PERIOD

No significant events occurred since the end of the Interim Period.

23. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information was approved and authorised for issue by the Board on 26 February 2015.



Management Discussion and Analysis

BUSINESS REVIEW

During the Interim Period, the principal source of revenue of the Group was derived from its business in Singapore. The contract works undertaken by the Group are mainly electrical engineering works for public residential projects in Singapore.

The Group had secured two new projects amounting to S\$12.8 million during the Interim Period giving rise to a total of 13 on-going projects for the Group.

Geographical information

During the Interim Period, all of the Group's revenue was derived from Singapore, accounting for 100% of the Group's total revenue.

FINANCIAL REVIEW

Revenue

The Group's revenue was recognised based on the stage of completion of the projects. For the Interim Period, the Group recorded approximately of S\$5.1 million in revenue (2013: approximately S\$13.0 million), having a decrease of approximately S\$7.9 million or 60.7% as compared to that of the corresponding period in 2013. This decrease was mainly due to (i) less projects with significant percentage of work done were recognised during the Interim Period as compared to that of the corresponding period in 2013, and ii) a slowdown on worksite schedule causing lower revenue recognised for the newly secured projects during the Interim Period.

There were 13 projects that contributed revenue to the Group during the Interim Period (2013: 11 projects).

Gross profit margin

The total gross profit margin recorded as 32.3% for the Interim Period, a minor increase of approximately 3.5% as compared to that of the corresponding period in 2013 of approximately 28.8%. Gross profit margin may vary from each individual project depending on the scale, complexity, specifications, timing and capacity to manage a project.

Other operating income

Other operating income comprises bank interests received, government incentives and foreign exchange differences. Other operating income for the Interim Period was approximately S\$442,000 (2013: approximately S\$10,000). The increase of approximately S\$432,000 was attributable mainly to the unrealised exchange gain arising from the strengthening of bank balances denominated in Hong Kong dollar against Singapore dollar at the closing of the Interim Period. The remaining of approximately S\$14,000 was increase in bank interests received.

Administrative and other operating expenses

The Group's administrative and other operating expenses for the Interim Period was approximately S\$0.8 million (2013: approximately S\$2.1 million), recorded a decrease of approximately S\$1.3 million as compared to that of the corresponding period in 2013. The decrease mainly due to the one-off listing expenses was incurred during the corresponding period in 2013.

Net Profit after Tax

The Group net profit after tax for the Interim Period was approximately S\$1.9 million (2013: approximately S\$1.5 million), principally due to a higher share of results from a joint venture, YL.



Management Discussion and Analysis (Continued)

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. The balance of approximately S\$6.5 million remained unutilised as at 30 June 2014. During the Interim Period, the proceeds has been utilised in accordance with the intended purpose as stated in the Prospectus.

Intended applications	Estimated net proceeds as per Prospectus	Actual net proceeds	Unutilised amount	Utilised amount	Balance amount
	(approximately S\$'million)	(approximately S\$'million)	(approximately S\$'million)	(approximately S\$'million)	(approximately S\$'million)
			As at 30 June 2014	As at 31 December 2014	As at 31 December 2014
Purchase of materials	4.2	4.2	3.6	1.2	2.4
Expand workforce	1.3	1.3	1.1	0.1	1.0
Capital contribution to our joint venture and associates	0.8	0.8	0.8	0.1	0.7
Expand our market share	0.8	0.8	0.8	—	0.8
Working capital	0.8	0.8	0.2	0.2	—
	<u>7.9</u>	<u>7.9</u>	<u>6.5</u>	<u>1.6</u>	<u>4.9</u>

BUSINESS PROSPECT

The Singapore's economy is expected to grow by 2.0% to 4.0% in 2015, announced by The Ministry of Trade and Industry of Singapore in November 2014. The Group is dependent on the public housing sector of Singapore. Housing and Development Board of Singapore ("HDB") has announced the total Build-To-Order ("BTO") flat supply in 2014 of 22,455 units, which was in line with HDB's commitment to launch 22,400 BTO flats for sale in 2014. For 2015, HDB plans to launch a total of 16,900 BTO new flats and will conduct the quarterly sales launches starting from February 2015. This shows a reduction of 24.7% of BTO units supply in 2015 as compared to that in 2014.

The Group is cautiously optimistic for the next six 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.

LIQUIDITY AND CAPITAL RESOURCES

The Group's business operations depend on the sufficiency of working capital and effective project cost management. The sources of fund for operations mainly come from the cash inflows from the operating activities and internal funding. As at 31 December 2014, the Group had cash and bank balances of approximately S\$17.5 million (30 June 2014: approximately S\$18.3 million). The net decrease of approximately S\$0.8 million was due to (i) approximately S\$0.8 million used in net operating activities mainly for payment of prior year income tax expense, (ii) approximately S\$0.4 million used in investing activities mainly to purchase new commercial vehicles to replace the retired vehicles for transport of workers and materials to sites, and (iii) offset by the effects of currency translation on cash and cash equivalents of approximately of S\$0.4 million.

The Group did not have any bank borrowings as at 31 December 2014 and 30 June 2014.



Management Discussion and Analysis (Continued)

During the reporting periods, the Group did not employ any material financial instrument for hedging purposes.

CHARGES ON ASSETS

As at 31 December 2014 and 30 June 2014, the Group did not have any charges on its assets.

FOREIGN EXCHANGE RISK

The Group mainly operates in Singapore and most of the revenue and transactions arising from its operations were settled in Singapore dollar. The Group's assets and liabilities are primarily denominated in Singapore dollar, except for cash balances amounting to S\$7.6 million, which are denominated in Hong Kong dollar at the end of the Interim Period. If Hong Kong dollar were to strengthen/weaken against Singapore dollar by 5% with all other variables held constant, the Group's profit before tax would have been \$0.4 million higher/lower. 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 reporting periods.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save as disclosed in Note 11 and 12 to the financial statements, there was no other significant investment, material acquisition or disposal of subsidiaries and associated companies by the Company during the Interim Period.

CAPITAL COMMITMENTS

The Group has no capital commitments as at 31 December 2014 and 30 June 2014.

CONTINGENT LIABILITIES

Save as disclosed in Note 21 to the financial statements, the Group had no other contingent liabilities as at 31 December 2014 and 30 June 2014.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, the Group had a total of 147 employees (30 June 2014: 127). 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.



Disclosure of Interests

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

As at 31 December 2014, the interests and short positions of the Directors and chief executive in shares, underlying shares or debentures of the Company or its associated corporations 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) requested to be 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:

Name of Director	Directly beneficially owned	Total S\$	Percentage of interest in the ultimate holding company's issued share capital
Mr Yeo Jiew Yew	990,000 shares	990,000	50%
Mr Sim Yew Heng	990,000 shares	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	326,400,000 (note 1)	51%
Mr Sim Yew Heng	Interest in a controlled corporation	326,400,000 (note 1)	51%
Mr Peng Rongwu	Beneficial Interest	43,785,000	6.84%

Note:

- (1) 326,400,000 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 51% shareholding interest in the Company. Under the SFO, Mr Yeo Jiew Yew and Mr Sim Yew Heng are deemed to be interested in 326,400,000 shares registered in the name of Victrad. Mr Yeo and Mr Sim are brothers.



Disclosure of Interests (Continued)

INTERESTS DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 December 2014, the interests and short positions of the person or company (other than Directors and chief executive of the company) in the shares or underlying shares of the Company which would be required to be disclosed under the provisions of Divisions 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	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	326,400,000 (note 1)	51%

Note:

- (1) 326,400,000 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 326,400,000 shares registered in the name of Victrad. Mr Yeo and Mr Sim are brothers.

Save as disclosed above, as at 31 December 2014, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section headed "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 disclosed under the provisions of Divisions 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.



Corporate Governance and Other Information

CORPORATE GOVERNANCE CODE

The Company has adopted the requirements of the code provisions of the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules. The Company has complied with the Corporate Governance Code throughout the Interim Period.

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, they have confirmed that they had complied with the Model Code throughout the Interim Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Interim Period.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") on 9 December 2013 with written terms of reference in compliance with the Listing Rules, particularly the Corporate Governance Code. The Remuneration Committee is comprised of two independent non-executive Directors and one executive Director, namely Mr Ng Tiow Swee (chairman), Mr Chen Jianyuan, Edwin and Mr Yeo Jiew Yew. The Remuneration Committee is primarily responsible for making recommendations to the Board regarding the Group's policy and structure for all Directors and senior management remuneration.

NOMINATION COMMITTEE

The Company established a nomination committee (the "Nomination Committee") on 9 December 2013 with written terms of reference in compliance with the Listing Rules, particularly the Corporate Governance Code. The Nomination Committee is comprised of two independent non-executive Directors and one executive Director, namely Mr Ng Tiow Swee (chairman), Ms Wong Siew Chuan and Mr Yeo Jiew Yew. The Nomination Committee 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's 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.



Corporate Governance and Other Information (Continued)

AUDIT COMMITTEE

The Company established the Audit Committee on 9 December 2013 with written terms of reference in compliance with the Listing Rules, particularly the Corporate Governance Code. The Audit Committee is comprised of three independent non-executive Directors, namely Ms Wong Siew Chuan (chairman), Mr Ng Tiow Swee and Mr Chen Jianyuan, Edwin. The Audit Committee 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 at the meetings.

The Audit Committee had reviewed the Group's unaudited condensed consolidated interim financial information, the interim results announcement, this interim report and the accounting principles adopted by the Group.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

The interim report of the Company for the six months ended 31 December 2014 is published on the websites of the Stock Exchange at www.hkex.com.hk and of the Company at www.kingbostrike.com respectively.

On behalf of the Board
Kingbo Strike Limited
Yeo Jiew Yew
Managing Director

Hong Kong, 26 February 2015

As at the date of this interim report, the Board consists of two executive Directors, Mr Yeo Jiew Yew and Mr Sim Yew Heng, two non-executive Directors, Mr Peng Rongwu and Mr Tam Tak Wah and three independent non-executive Directors, Mr Ng Tiow Swee, Ms Wong Siew Chuan and Mr Chen Jianyuan, Edwin.

