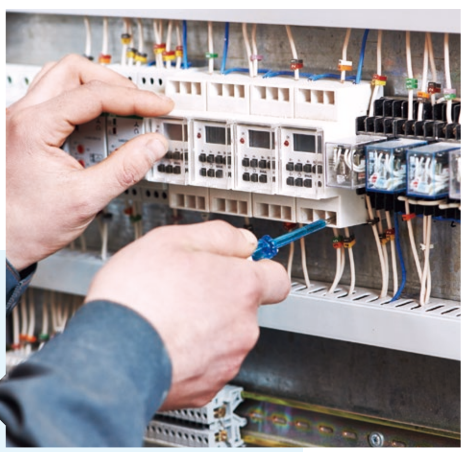
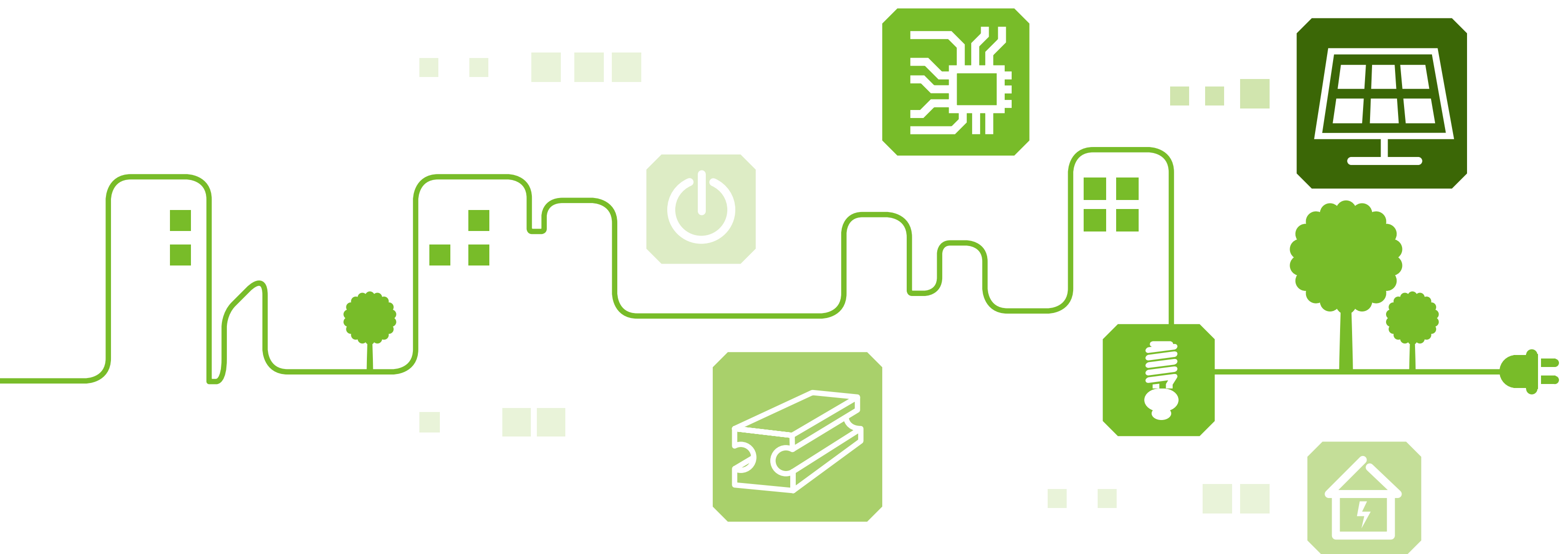
KINGBO STRIKE LIMITED

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



ANNUAL REPORT 2015/2016



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr Peng Rongwu *(Chairman)*
Mr Yeo Jiew Yew *(Managing Director)*
Mr Wong Kee Chung

Non-executive Director

Mr Tam Tak Wah

Independent Non-executive Directors

Mr Lam Kwan Yau Gilbert
Mr Leung Po Hon
Mr Ng Wai Hung

AUDIT COMMITTEE

Mr Leung Po Hon *(Chairman)*
Mr Lam Kwan Yau Gilbert
Mr Ng Wai Hung
Mr Tam Tak Wah

NOMINATION COMMITTEE

Mr Peng Rongwu *(Chairman)*
Mr Lam Kwan Yau Gilbert
Mr Leung Po Hon
Mr Ng Wai Hung

REMUNERATION COMMITTEE

Mr Leung Po Hon *(Chairman)*
Mr Lam Kwan Yau Gilbert
Mr Ng Wai Hung
Mr Tam Tak Wah

AUDITORS

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

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
Standard Chartered Bank (Singapore) Limited

REGISTERED OFFICE

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

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 4408, 44/F, COSCO Tower
183 Queen's Road Central
Hong Kong

COMPANY SECRETARY

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

AUTHORISED REPRESENTATIVES

Mr Peng Rongwu
Mr Li Chi Chung, Solicitor, Hong Kong

WEBSITE OF THE COMPANY

www.kingbostrike.com

Chairman's Statement

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Kingbo Strike Limited ("**Kingbo**" or the "**Company**", together with its subsidiaries, the "**Group**"), I am pleased to present to you this annual report and the audited consolidated financial statements of the Company for the financial year ended 30 June 2016.

FINANCIAL RESULTS

For the financial year ended 30 June 2016, revenue of the Group amounted to S$21,501,034 (2015: S$11,826,488), representing an increase of 81.8% compared to that of last year. This was mainly attributable to more projects with significant work completion percentage recognised by the Group during the financial year ended 30 June 2016. Revenue derived from the principal business in Singapore remained the core source of income of the Group.

Distressed by the lower profit margin projects undertaken by the operations in Singapore, gross profit reduced by 16.8% to S$3,021,798 (2015: S$3,633,907), and accordingly, gross profit margin dropped to 14.1% (2015: 30.7%). Nevertheless, the Group recorded an improved share of results of joint ventures amounted to S$2,028,361 (2015: S$1,470,714) as a result of more projects secured and performed; and a gain of S$2,315,440 (2015: Nil) in the fair value of the held-for-trading investments during the year ended 30 June 2016. The held-for-trading investments included listed securities in Hong Kong and the fair value of which is determined by the market and may vary from time to time. As a result, profit for the year ended 30 June 2016 was S$3,984,635 (2015: S$3,887,451), representing an increase of 2.5% compared to that of the last year. Earnings per share attributable to ordinary equity holders of the parent for the year maintained at S$0.61 cents (2015: S$0.61 cents).

DIVIDENDS

The Board did not recommend the payment of a final dividend for the year ended 30 June 2016 (2015: Nil).

BUSINESS OVERVIEW

Revenue of the Group continued to be driven by the provision of electrical engineering services in Singapore. Benefited from the picking up of work progress for projects secured in prior years, the Company recorded an appreciable increase in revenue during the financial year ended 30 June 2016. In spite of this, keen competition in securing Singapore public residential projects pressurised the Group to obtain new projects and was also detrimental to the Group's profit margin. Taking into account the challenges of business concentration risk and the potential for long-term business growth, the Group has successfully diversified its businesses and established its presence in renewable energy production in China through acquiring the controlling stakes of a solar photovoltaic system construction and management group in May 2016. As the operation of this new business segment is still at its early stage, it has not yet contributed to the revenue of the Group for this financial year. Given that the favourable PRC government policy of the government of the People's Republic of China (the "**PRC government**") and the increase in demand of solar photovoltaic system from end-users, Kingbo expected this business segment will generate a growing income in the longer term.

OUTLOOK

Looking forward, it is anticipated that the business environment for the Group continues to be challenging in the face of keen competition and inflating costs. Considering the demand in government flats development in Singapore and the policy of PRC government on renewable energy, we remain cautiously optimistic on the outlook of 2016/2017. We will continue to leverage our resources to improve our profitability and simultaneously take prudent measures to control our operating costs. Besides, Kingbo will keep exploring opportunities in other new business areas and expand through strategic acquisition or alliance with the aim of delivering sustainable long-term value for our shareholders and other stakeholders.

APPRECIATION

I would like to take this opportunity to express my heartfelt gratitude to my fellow Directors, our staff, shareholders and stakeholders for their continuous contributions and support to the Group.

Peng Rongwu
Chairman
20 December 2016

Directors' Report

The board (the "**Board**") of directors (the "**Directors**") of Kingbo Strike Limited (the "**Company**", together with its subsidiaries the "**Group**") is pleased to present this annual report together with the audited consolidated financial statements for the financial year ended 30 June 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of its subsidiaries are set out in note 1 to the financial statements.

BUSINESS REVIEW

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

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

On 11 May 2016, the Group entered into a sale and purchase agreement (the "**Agreement**") with an independent third party, Eternal Green Group Limited ("**Eternal Green**"), pursuant to which the Group agreed to buy and Eternal Green agreed to sell 60% equity interests (the "**Acquisition**") in Kahuer Holding Co., Limited and its subsidiaries (the "**Kahuer Group**") which are principally engaged in (a) the construction of solar power station; (b) the sale of solar power station; and (c) the provision of management and maintenance services to solar power station. The consideration for the Acquisition was HK$450,000,000 (the "**Consideration**"), which was satisfied by the payment of earnest money of HK$20,000,000 upon signing the memorandum of understanding on 10 March 2016, and by the issue of an aggregate of 120,000,000 new shares of the Company (the "**Consideration Shares**") at an issue price of HK$3.3 each and HK$34,000,000 of promissory note upon completion. Under the terms of the Acquisition, Eternal Green (as vendor) and Mr. Zhang Jie (as guarantor) guaranteed to the Group that the consolidated profit before tax of Kahuer Group for the 12-month period commencing from the completion date shall be not less than Renminbi ("**RMB**") 120,000,000 (the "**Profit Guarantee**"). The Consideration was determined after arms' length negotiations with reference to (i) future prospects of the solar photovoltaic technology and the renewable energy business of the Kahuer Group; (ii) the Profit Guarantee; (iii) a large portion of the Consideration would be satisfied by way of allotment and issue of Consideration Shares, which would be issued at HK$3.3 per Consideration Share, which represented a premium over the then market price of the shares of the Company ("**Share(s)**") and the net asset value per Share of approximately S$0.041 (equivalent to approximately HK$0.237) based on the unaudited consolidated financial statements of the Group as at 31 December 2015; and (iv) the relatively lower price to earnings ratio of about five times of the Profit Guarantee as compared to that of other similar solar power plant construction and solution provider in worldwide of about seven times. The Acquisition was completed on 27 May 2016. Details of the Acquisition were set out in the announcement of the Company dated 11 May 2016.

BUSINESS REVIEW (continued)

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

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

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

* *The unofficial transliteration and/or translation are for identification purpose only.*

BUSINESS REVIEW (continued)

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

A manager (the "**Manager**") in finance department of Kahuer Group is currently assisting the Company to control Qingdao Qiguang and Chengle Zhongxing. The Manager has the right to access to bank accounts of Qingdao Qiguang and Chengle Zhongxing and control the use of financial chop and legal representative chop of Qingdao Qiguang and Chengle Zhongxing. The manager will report monthly to the Company the financial position of Qingdao Qiguang and Chengle Zhongxing. Upon request, The manager will also provide additional information of Qingdao Qiguang and Chengle Zhongxing to the Company from time to time. The management will also visit Qingdao Qiguang and Chengle Zhongxing in timely manner to update the status of Qingdao Qiguang and Chengle Zhongxing.

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

Information on Kahuer Group and the Acquisition

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

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

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

BUSINESS REVIEW (continued)

Information on Kahuer Group and the Acquisition (continued)

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

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

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

BUSINESS REVIEW (continued)

During the year ended 30 June 2016, the Group obtained a borrowing (the "**Borrowing**") of RMB35,000,000 (equivalent to approximately S$6,820,423) (2015: Nil) from an independent third party for the working capital of the Kahuer Group. The Borrowing was secured by way of a pledge over (i) 35% share interest in Zhenjiang Kaihe, which is a non wholly-owned subsidiary of the Company established in China; and (ii) the assets of Zhenjiang Kaihe. The Borrowing is interest-bearing at 11% per annum for a fixed term of 2 years. Besides, the Kahuer Group committed to purchase raw materials from a supplier amounting to RMB4,500,000 (equivalent to approximately S$913,449). The purchase was secured by way of a pledge over 45% share interest in Xuyi Shengneng, which is a non wholly-owned subsidiary of the Company established in China and is principally engaged in the construction and operation of solar power station projects.

The Group's solar power business segment will continue to explore new opportunity to expand its customer base so as to generate a stronger income stream to the Group in the long run.

The audit committee of the Board ("the **Audit Committee**") agreed with the external auditor's view of disclaimer of opinion regarding the consolidated financial statements of the Group for the year ended 30 June 2016.

The Company has engaged legal advisers to seek legal advice with respect to the progress of the Reorganisation so as to protect the interests of the Company and shareholders of the Company.

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

Environmental Policy and Performance

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

Compliance with Relevant Laws and Regulations

During the financial year ended 30 June 2016, there was no evidence of non-compliance with the relevant laws and regulations that have significant impacts on the Group as far as the Board is aware.

Relationship with Employees, Customers and Suppliers

The Group is an equal opportunity employer and does not discriminate on the basis of personal characteristics. Employee handbooks outlined terms and conditions of employment, expectations for employees' behaviour and service delivery, employees' rights and benefits. We provide ongoing training and development opportunities to enhance employees' career progression.

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

BUSINESS REVIEW (continued)

Relationship with Employees, Customers and Suppliers (continued)

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

Business Prospect

The global economic outlook is weakened in 2016. In accordance with the figures provided by Department of Statistic Singapore, the total number of construction contracts awarded for public residential sector recorded a slight fall in first half of 2016 as compared to that of last year. The Group's profit margin was further impaired by inflated cost and keen competition.

During the year ended 30 June 2016, the Group has diversified its business to the construction, operation and sale of solar photovoltaic power stations in China in order to broaden its income stream. Yet, it takes time to nurture this business segment until it operates in its full scale. With the seasoned expertise engaged and their solid suppliers and consumers networks, the favourable PRC government policies on encouraging renewable energy consumption and the popularised of photovoltaic power generation in China, the Group remains cautious optimistic on the performance of this business segment in the long run.

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

FINANCIAL REVIEW

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

Financial Results

Financial year ended 30 June	2016 (S$)	2015 (S$)	Increase/(decrease) (S$)	(%)
Revenue	21,501,034	11,826,488	9,674,546	81.8%
Cost of sales	(18,479,236)	(8,192,581)	10,286,655	125.6%
Other income and gains	2,562,882	613,952	1,948,930	317.4%
Administrative expenses	(1,985,768)	(1,417,087)	568,681	40.1%
Other expenses	(898,060)	(307,682)	590,378	191.9%
Profit from consolidated activities	2,700,852	2,523,090	177,762	7.0%
Finance cost	(39,114)	(258)	38,856	15,060.5%
Share of results of joint ventures	2,028,361	1,470,714	557,647	37.9%
Share of results of an associate	(118,107)	267,858	(385,965)	(144.1)%
Income tax expense	(587,357)	(373,953)	(213,404)	(57.1)%
Profit for the year	3,984,635	3,887,451	97,184	2.5%
Profit attributable to owners of the parent	3,982,201	3,887,451	94,750	2.4%

FINANCIAL REVIEW (continued)

Financial Results (continued)

Revenue

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

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

Profit

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

Profit attributable to owners of the Company for the year ended 30 June 2016 increased by 2.5% to S$3,984,635 (2015: S$3,887,451) and basic earnings per share attributable to ordinary equity holders of the parent for the year maintains at S$0.61 cents (2015: S$0.61 cents) primarily attributable to the fair value gain on the securities held-for-trading investments and the increase in share of results of joint ventures, offsetting the decrease in gross profit and increase in administrative and other expenses.

Cost of Sales

As a result of the increase in labour and material costs for the year ended 30 June 2016, cost of sales recorded a substantial increase of S$10,286,655 to S$18,479,236 (2015: S$8,192,581) when compared with that of 2015.

Other Income and Gains

Other income and gains for the year ended 30 June 2016 amounted to S$2,562,882 (2015: S$613,952) was primarily derived from gain on fair value change of held-for-trading investments of S$2,315,440 (2015: S$Nil), which included listed securities in Hong Kong acquired by the Group during the financial year ended 30 June 2016. Details of other income and gains are set out in note 6 to the financial statements.

Administrative Expenses

Administrative expenses for the financial year ended 30 June 2016 increased by 40.1% to S$1,985,768 (2015: S$1,417,087) which was attributable to the increase in salaries and legal and professional fees.

Other Expenses

Other expenses for the financial year ended 30 June 2016 amounted to S$898,060 (2015: S$307,682), an increase of 191.9% when compared with that of 2015 principally resulting from the change in fair value of profit guarantee receivable.

FINANCIAL REVIEW (continued)

Financial Results (continued)

Finance Costs

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

Share of Results of Joint Ventures

The Group's share of results of joint ventures increased by 37.9% to S$2,028,361 (2015: S$1,470,714) during the financial year ended 30 June 2016. The increase in results contribution from joint ventures was mainly attributable to the improvement of operating performance with new projects secured and more projects with significant percentage of completion being recognised.

Share of Results of an Associate

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

Income Tax

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

Financial Position

As at 30 June	2016	2015	Increase/(decrease)	
	(S$)	(S$)	(S$)	(%)
Total assets	**114,395,352**	27,334,725	87,060,627	318.5%
Current assets	**44,875,184**	21,912,222	22,962,962	104.8%
Non-current assets	**69,520,168**	5,422,503	64,097,665	1,182.1%
Total liabilities	**22,957,723**	4,246,963	18,710,760	440.6%
Current liabilities	**15,341,985**	4,221,720	11,120,265	263.4%
Non-current liabilities	**7,615,738**	25,243	7,590,495	30,069.7%
Net assets	**91,437,629**	23,087,762	68,349,867	296.0%
Equity	**91,437,629**	23,087,762	68,349,867	296.0%
Share capital	**1,261,436**	1,048,880	212,556	20.3%
Share premium	**76,984,011**	12,366,974	64,617,037	522.5%
Retained earning	**15,893,756**	11,911,555	3,982,201	33.4%
Reserves	**(3,738,192)**	(2,239,647)	1,498,545	66.9%
Non-controlling interests	**1,036,618**	–	1,036,618	N/A

FINANCIAL REVIEW (continued)

Financial Position (continued)

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

Total liabilities for the financial year ended 30 June 2016 were S$22,957,723 (30 June 2015: S$4,246,963), an increase by 440.6% as compared to that of 2015. In particular, current liabilities for the financial year ended 30 June 2016 were S$15,341,985 (30 June 2015: S$4,221,720), an increase of S$11,120,265 as compared to that of 2015, which was principally due to the advance received from sale of photovoltaic projects, the issue of promissory notes and advances from shareholders of subsidiaries which led to higher payables. Non-current liabilities were S$7,675,738 (30 June 2015: S$25,243), an increase of S$7,650,495 as compared to that of 2015 as a result of the other borrowings of the Kahuer Group. The deferred tax liabilities for the financial year ended 30 June 2016 increased by 3,050.6% as a result of fair value adjustments arising from the Acquisition.

Total equity attributable to shareholders of the Company for the financial year ended 30 June 2016 was S$91,437,629 (30 June 2015: S$23,087,762), an increase of S$68,349,867 as compared with that of 2015, primarily resulting from the share premium derived from the issuance of 120,000,000 shares as consideration for the Acquisition during the financial year ended 30 June 2016.

Liquidity, Financial Resources and Gearing

As at 30 June 2016, net current assets of the Group for the financial year ended 30 June 2016 was S$29,533,199 (30 June 2015: S$17,690,502). Besides, the Group maintained cash and cash equivalents of S$12,672,201 (30 June 2015: S$17,628,754), of which approximately 64.4% was in Hong Kong dollars, 29.4% was in Singapore dollars, 5.8% was in RMB and 0.4% was in other currencies (30 June 2015: 92.7% was in Hong Kong dollars and 7.3% was in Singapore dollars).

As at 30 June 2016, the Group had no outstanding bank borrowings (30 June 2015: Nil) and Borrowing of S$6,820,423 (30 June 2015: Nil). The Borrowing is interest bearing as 8% per annum for a term of 2 years. The Group's gearing ratio was 9.1% (30 June 2015: zero), which was calculated on the basis of net debt over equity attributable to owners of the Company. Net debt is calculated as trade and other payables less cash and cash equivalents.

Charge on Assets

During the financial year ended 30 June 2016, Kaihe New Energy, a non wholly-owned subsidiary of the Company obtained the Borrowing amounting to RMB35,000,000 (equivalent to approximately S$6,820,423) (2015: Nil) from an independent third party. The Borrowing was secured by way of a pledge over (i) 35% shareholding interests in Zhenjiang Kaihe which is a wholly-owned subsidiary of Kaihe New Energy registered in China and is principally engaged in the construction and operation of solar power station projects; and (ii) the assets of Zhenjiang. Besides, the Kahuer Group committed to purchase raw materials from a supplier amounting to RMB4,500,000 (equivalent to approximately S$933,748). The purchase was secured by way of a pledge over 45% share interest in Xuyi Shengneng, which is a non-wholly-owned subsidiary of the Company established in China and is principally engaged in the construction and operation of solar power station projects.

Save as disclosed above, the Group had no other charges on its assets as at 30 June 2016 (30 June 2015: Nil).

FINANCIAL REVIEW (continued)

Financial Position (continued)

Capital Structure

The Group adopted conservative treasury policies in cash and financial management. Source of fund for operations mainly derived from cash inflows generated from operating activities. The liquidity and financing requirements of the Group were reviewed regularly.

Capital Expenditure and Commitments

During the financial year ended 30 June 2016, the Group had capital expenditure of S$221,088 (2015: S$399,985).

The Group had no capital commitments at 30 June 2016 and 2015.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Associated Companies, and Future Plans for Material Investments or Capital Assets

During the year ended 30 June 2016, the Group subscribed for 36,400,000 ordinary shares in Pinestone Capital Limited (HKEx. 8097) ("**Pinestone**"), representing approximately 0.7% of the enlarged total number of issued shares of Pinestone, with a subscription price of HK$20,221,742 (equivalent to S$3,441,451) in a share placement exercise. Pinestone is principally engaged in the provision of securities brokerage services, securities-backed lending services as well as placing and underwriting services. For the financial year ended 30 June 2016, there was no dividend received from Pinestone. As at 30 June 2016, fair value of the investment in Pinestone recorded a gain of S$2,315,440 to S$5,756,891 which was attributable to approximately 6.3% of the net assets of the Company. The fair value of the held-for-trading securities is determined by the market and may vary from time to time.

Save for the above-mentioned and those disclosed in notes 1, 13, 14, 21 and 28 to the consolidated financial statements of this annual report, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries during the financial year ended 30 June 2016.

Cash Flow

Financial year ended 30 June	**2016 (S$)**	2015 (S$)	Increase/(decrease) (S$)	(%)
Net cash flows generated from/(used in) operating activities	**2,039,820**	(1,275,583)	3,315,403	259.9%
Net cash flows (used in)/generated from investing activities	**(6,623,693)**	117,521	(6,741,214)	(5,736.2)%
Net decrease in cash and cash equivalents	**(4,583,873)**	(1,158,062)	(3,425,811)	259.8%

The Group reported net cash inflow in operating activities of S$2,039,820 for the financial year ended 30 June 2016 (2015: net cash outflow of S$1,275,583), principally reflecting the effect of the Acquisition and the purchase of listed securities in Hong Kong.

Net cash used in investing activities was S$6,623,693 for the financial year ended 30 June 2016 (2015: net cash generated from investing activities: S$117,521), mainly attributable to cash outflow to acquire certain subsidiaries, and dividend income received from joint ventures during the year.

The Group did not conduct any financing activity during the year ended 30 June 2016.

FINANCIAL REVIEW (continued)

Financial Ratios

The following table shows the key financial ratios indicating the performance of the Group for the last five financial years:

Financial year ended 30 June	2016	2015	2014	2013	2012
Gross profit margin (%)[1]	**14.1**	30.7	40.3	44.4	32.4
Net profit margin (%)[2]	**18.5**	32.9	25.4	35.1	23.5
Return on assets (%)[3]	**4.0**	15.6	25.8	39.3	19.0

As at 30 June	2016	2015	2014	2013	2012
Gearing ratio (%)[4]	**9.1**	0.0	0.0	0.0	0.0
Current ratio[5]	**2.9**	5.2	2.8	1.1	1.2
Average trade receivables collection period (days)[6]	**75.6**	110.0	64.0	66.0	77.0
Average trade payables repayment period (days)[7]	**68.2**	75.0	51.0	101.0	99.0

Notes:

1 Gross profit margin = Gross profit/Revenue x 100%
2 Net profit margin = Net profit/Revenue x 100%
3 Return on assets = Net profit before tax/Total assets
4 Gearing ratio = Net debt/Equity attributable to owners of the Company
5 Current ratio = Current assets/Current liabilities
6 Average trade receivables collection period = (Average trade receivables/Revenue) x 365
7 Average trade payables repayment period = (Average trade payables/Purchases) x 365

Profit margins reduced mainly due to projects undertaken in Singapore during the financial year ended 30 June 2016 recorded a lower gross profit margin that also encumbered the net profit margin. The consolidation of the financial results of Kahuer Group into the Group's financial statements since the completion of the Acquisition, the issue of securities as part of the Consideration and the goodwill rising from the Acquisition are the principal factors that substantially strengthened the assets of the Group and lowered the return on assets and current ratio of the Company.

The project team in Singapore monitors the collection from customers on monthly basis. For the financial year ended 30 June 2016, the collection period was shorter due to, in particular, retention sum for completed project was received and prompt settlement of receivables before the year end of 30 June 2016.

The Group always maintains good relationship with the suppliers. Through prompt repayment, the Group enjoy benefits from the suppliers of on-going and future purchase prices. For the financial year ended 30 June 2016, the repayment period was approximately 68.2 days.

RISK AND UNCERTAINTIES

The principal risks and uncertainties facing the Group in its operations are outlined as below. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas.

	Risk	Description and Mitigation
Financial and Economic Risk	**Liquidity risk management**	Each business segment of the Group is responsible for its own cash management. The Group's policy is to regularly monitor its liquidity requirements so as to ensure sufficient reserves of cash and adequate committed lines of funding from major financial institutions (when applicable) to meet its liquidity requirements in the short and longer term. The Group's cash and cash equivalents at 30 June 2016 maintained at a satisfactory level. As at 30 June 2016, the Group had no capital commitment.
	Contingent liabilities	Save as disclosed in note 31 to the consolidated financial statements, the Group had no significant contingent liabilities as at 30 June 2016.
	Foreign currency risk	The Group's business mainly operates in Singapore and PRC. Accordingly, its revenue and transactions arising from its operations were generally settled in Singapore dollars and Renminbi whereas the bank balance of the Company was principally denominated in Hong Kong dollars. As a result, fluctuations in the value of Singapore dollars and Renminbi against Hong Kong dollars could adversely affect the cash and cash equivalent which is reported in Singapore dollars. During the financial year ended 30 June 2016, the Group did not experience in any material difficulties or impacts on its operations or liquidity as a result of currency exchange fluctuation. The Group did not use any financial instruments for hedging purposes during the year ended 30 June 2016 and there was no hedging instruments outstanding as at 30 June 2016. The Group will continue to monitor closely the exchange rate risk arising from its existing operations and new investments in future. The Group will further implement the necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

RISK AND UNCERTAINTIES (continued)

Risk	Description and Mitigation
Credit risk	The Group's credit risk is primarily attributable to trade receivables. Credit evaluations are performed on all credit customers, focused on the customer's payment history and current ability to pay, any information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 90 days from the date of billing. Impairment losses are recorded for those overdue balances where there is objective evidence of impairment. The Group has concentration risk in respect of trade receivables due from the Group's five largest customers who accounted for approximately 96.1% and 99.3% of the Group's total trade receivables at 30 June 2016 and 30 June 2015 respectively. The credit risk exposure to trade receivables balance has been and will continue to be monitored by the Group on an ongoing basis.
Delay and cost overrun risk	Delay in the Group's project may put burdens on billings, material and labour costs that adversely affects the Group's revenue and financial performance. The duration of the Group's projects generally ranges between 6 to 48 months. Moreover, any damages caused by the Group may result in the liquidated damages penalty payable to the contracting parties. The Group continues to implement stringent budget control management. In addition, proper and detailed project planning is applied to avoid design error or faulty contractual management or other defaults.
Equity price risk	The Group held listed securities in Hong Kong for investment purpose. The fair value of the listing securities decrease as a result of changes in the levels of value of the securities will adversely impact on the Group's financial performance.
Economic environment	The Group's primary facilities and operations are located in Singapore and PRC and the majority of its revenue is derived from Singapore. The Group's results of operations and financial condition therefore depend on the economies of Singapore and PRC. The economic growth of Singapore becomes moderate in recent years while that of PRC is slowing down. Any reduction in Singapore government expenditure on public housing may have a negative impact on the Group's results of operations and financial condition. The contraction of PRC business activities may also hinder the consumption of electricity power so that the Group's income may be negatively affected.

RISK AND UNCERTAINTIES (continued)

	Risk	Description and Mitigation
Operational Risk	**Availability, recruitment and retention of skilled resources**	The Group's business in Singapore is highly dependent on skilled, semi-skilled and unskilled foreign workers as the local construction labour is limited and costly. Any shortage in the supply of foreign workers or increase in Foreign Worker Levy, or any entry restrictions on foreign labour importation will adversely affect the Group's operations and financial performance. As at 30 June 2016, approximately 81.9% of the workforce was made up of foreign workers.
	Health and safety	Under the Workplace Safety and Health Act of Singapore, every employer has the duty to take, so far as reasonably practicable, such measures which are necessary to ensure the safety and health of his employees at work. The Workplace Safety and Health (Construction) sets out specific duties on employers which include, inter alias, appointing a workplace safety and health coordinator in respect of every worksite to assist and identify any unsafe condition in the worksite, unsafe work practice which is carried out in the worksite and recommend and assist in the implementation of reasonably practicable measures to remedy the unsafe condition or unsafe work practice. The Group has obtained the relevant certifications to meet these requirements and are subject to renewal in every 3 years. The Law of the People's Republic of China on Work Safety (中華人民共和國安全生產法) and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法) aim at creating the conditions for employment, enhancing occupation safety and health and improving working conditions in China. Generally, the construction and installation works of the solar photovoltaic projects are outsourced and accordingly, the risk of non-conformity is minimal.

RISK AND UNCERTAINTIES (continued)

	Risk	Description and Mitigation
	Qualifications, licences and permit	The Group's business and construction activities in Singapore are regulated by the Building and Construction Authority of Singapore ("**BCA**") and other regulatory bodies. These regulatory bodies stipulate the criteria that must be satisfied before permits and licences are granted to, and/or renewed for, the Group's business. The renewal of the permits and licences is subject to compliance with the relevant regulations. Any non-renewal in the Group's existing BCA workhead categories may result in the Group not being qualified to participate in certain projects, therefore reducing the number of project opportunities for the Group and may have an adverse impact on the Group's operations and financial performance. The Group keeps monitoring closely the regulatory developments and licensing requirements in order to ensure compliance with the requirements to timely renew the relevant qualifications, licences and permits.
Regulation and compliance risks	**Legal and regulatory compliance**	The Group faces local legal and regulatory risks in Hong Kong, Singapore and PRC. Such risks might have significant impacts on the financial condition, operations and business prospects of the Group in the relevant markets. The investments of the Group in Singapore and PRC might at present or in future be affected by changes in local, national or international political, social, legal, tax, regulatory and environmental requirements from time to time. In addition, new government policies or measures, if introducing changes in fiscal, tax, regulatory, environmental or other aspects that may affect competitiveness, could result in an additional or unforeseen increase in operating expenses and capital expenditures, produce risks to the overall return on investments of the Group, and delay or impede its business operations and hence adversely affect revenues and profits. The Group keeps monitoring regulatory developments and, where necessary, obtain expert legal advice for the updated regulatory changes and the Board is informed of any regulatory updates on a timely manner.

RISK AND UNCERTAINTIES (continued)

	Risk	Description and Mitigation
Other external risks and uncertainty	**Government policies**	The Group's Singapore business is highly dependent on the projects pipelined by the Housing and Development Board of Singapore ("**HDB**"). Prospective unfavourable changes in the Singapore government housing policy may adversely affect the Group's operational and financial performance. Besides, the policies of the PRC government towards renewable energy may change from time to time. Any reduction in subsidies from the PRC government to the solar photovoltaic power business may hinder the performance of the Group. The Group continues to explore new opportunities and other ventures to diversify its business.
	Competition	The Group provides (i) electrical engineering services to the Singapore construction industry; and (ii) solar photovoltaic installation and management services to PRC users on project basis, and the duration of the projects usually ranges between 6 to 48 months. As such, the Group's revenue is not recurring in nature and the Group has to go through a competitive tendering or quotation or negotiation process to secure new projects. In the event the Group is unable to maintain business relationship with existing customers or unable to price the tender or quotation competitively, the business and financial performance of the Group may be adversely affected. The Group continues to develop and maintain long-term relations with customers by advancing its skills and technology and enhancing its supply chain quality to achieve cost efficiency so as to improve tender pricing.

The Group is committed to monitor and manage its risks in order to identify and assess risks of major projects and key businesses at all levels. Through risk reports on weaknesses and potential risks, the Group supervises and implements risk management and control measures to improve its comprehensive risk management practices and initiatives across the Group.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year ended 30 June 2016 is as follows:

	Percentage of the Group's total revenue	
	2016	2015
The largest customer in aggregate	**42.5%**	51.7%
Five largest customers in aggregate	**99.6%**	97.9%

	Percentage of the Group's total purchase	
	2016	2015
The largest supplier in aggregate	**17.1%**	19.9%
Five largest suppliers in aggregate	**51.6%**	55.6%

So far as the Directors are aware, the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's total number of issued shares) do not have any interest in these major customers and suppliers during the financial year.

RESULTS AND APPROPRIATIONS

The Group's results for the financial year ended 30 June 2016 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The Directors did not declare any interim or final dividend for the financial year ended 30 June 2016 (2015: Nil).

DONATIONS

The Group did not make any charitable donations during the financial year (2015: Nil).

DISTRIBUTABLE RESERVES

As at 30 June 2016, the Company's distributable reserves amounted to S$4,374,649 (2015: S$6,588,605).

Details of the movements in the respective reserves of the Group during the financial year are set out in the Consolidated Statement of Changes in Equity and notes 27 and 38 to the Consolidated Financial Statements.

USE OF PROCEEDS

Net proceeds raised from the initial public offerings of the Company in 2013 was S$7,892,159. The usages of net proceeds up to 30 June 2016 were as follows:

Intended applications	Actual net proceeds S$	Balance as at 30 June 2015 S$	**Amount utilised during the financial year S$**	**Balance as at 30 June 2016 S$**
Purchase of materials	4,151,177	1,303,398	**(1,303,398)**	**–**
Expand workforce	1,312,625	261,929	**(261,929)**	**–**
Capital contribution to joint venture and associate	820,391	670,391	**(25,000)**	**645,391**
Expand market share	820,391	820,391	**–**	**820,391**
Working capital	787,575	–	**–**	**–**
	7,892,159	3,056,109	**(1,590,327)**	**1,465,782**

PLANT AND EQUIPMENT

Details of the movements of plant and equipment are set out in note 15 to the financial statements.

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

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

DIRECTORS

The Directors who held office during the financial year ended 30 June 2016 and up to the date of this report were:

Executive Directors

Mr Peng Rongwu *(Chairman)*
Mr Yeo Jiew Yew *(Managing Director)*
Mr Wong Kee Chung (appointed on 9 May 2016)

Non-executive Director

Mr Tam Tak Wah

Independent Non-executive Directors

Mr Lam Kwan Yau Gilbert (appointed on 13 November 2015)
Mr Leung Po Hon (appointed on 13 November 2015)
Mr Ng Wai Hung
Mr Ng Tiow Swee (retired on 13 November 2015)
Ms Wong Siew Chuan (retired on 13 November 2015)

DIRECTORS (continued)

At the annual general meeting of the Company held on 13 November 2015, Mr Ng Tiow Swee and Ms Wong Siew Chuan retired from offices as independent non-executive Directors of the Company and did not offer themselves for re-election as they intended to devote more time to their other business commitments. Mr Ng and Ms Wong ceased to be the independent non-executive Directors and members of various Board committees with effect from the close of such annual general meeting.

Pursuant to article 83(3) of the articles of association of the Company (the "**Articles of Association**"), Mr Wong Kee Chung shall retire from office as Director at the forthcoming annual general meeting of the Company ("**AGM**") and, being eligible, has offered himself for re-election at the AGM.

In accordance with articles 84(1) and 84(2) of the Articles of Association, Mr Yeo Jiew Yew ("**Mr Yeo**") and Mr Ng Wai Hung ("**Mr Ng WH**") shall retire by rotation in the AGM. Mr Ng WH, being eligible, has offered himself for re-election. Mr Yeo, the Managing Director and executive Director of the Company has confirmed that he will not offer himself for re-election and he will retire as the Managing Director and executive Director with effect from the close of the AGM as he intends to focus on the Singapore business and operations. Mr Yeo remains a director of Strike Electrical Engineering (Pte) Ltd ("**Strike Singapore**"), a wholly-owned subsidiary of the Company. Mr Yeo confirmed that he has no disagreement with the Board and there is no other matter in relation to his retirement that needs to be brought to the attention of the shareholders of the Company.

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules and the Company considers all such Directors are independent.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Neither the Company nor any of its subsidiary was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the financial year or at 30 June 2016.

MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during the financial year ended 30 June 2016.

DIRECTORS' SERVICE CONTRACTS

All Directors have entered into letters of appointment or service contract with the Company or its subsidiary. Save for Mr Yeo, all Directors were appointed for specific terms of 1 to 2 years.

Mr Yeo entered into a service contract with Strike Singapore for an initial term of 2 years commencing on 30 December 2013 which is renewable automatically for successive terms of 1 year after the expiry of each of the then current term and until terminated by not less than 3 months' notice in writing served by either party.

As at 30 June 2016, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiary which is not determinable by the Company within 1 year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section "Related Party Transactions" in note 29 to the consolidated financial statements, no transaction, arrangement or contract of significance to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a Director had a material interest, subsisted at the end of the financial year ended 30 June 2016 or at any time during the financial year ended 30 June 2016.

COMPETING INTERESTS

None of the Directors and their respective associates had any direct or indirect interest in a business which competes or may compete with the business of the Group.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Save as disclosed in the section "Related Party Transactions" in note 29 to the consolidated financial statements which were fully exempt from the disclosure requirements in accordance with Chapter 14A of the Listing Rules, the Group did not enter into any connected or continuing connected transactions during the financial year ended 30 June 2016.

SHARE OPTIONS

During the financial year ended 30 June 2016, the Company did not adopt and/or maintain a share option scheme. At no time during the financial year ended 30 June 2016 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.

In order to enable the Company to grant options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the Company, the Directors recommended the Shareholders to approve and adopt a share option scheme (the "**Share Option Scheme**") at the AGM to be held on 13 February 2017. A summary of the principal terms of the Share Option Scheme is set out in the circular of the Company dated 9 January 2017. A copy of the Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at Unit 4408, 44/F, COSCO Tower, 183 Queen's Road Central, Sheung Wan, Hong Kong for a period of 14 days before the date of the AGM, and at the AGM.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2016, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**") (a) as recorded in the register required to be kept under section 352 of the SFO; or (b) as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Exchange**") pursuant to the Model Code, were as follows:

Long Positions in Shares and Underlying Shares of the Company

Director	Capacity	Number of shares/ underlying shares held	Percentage of shares of the Company in issue
Peng Rongwu	Beneficial owner	85,440,000	11.24%

Save as disclosed above, as at 30 June 2016, none of the Directors nor chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2016, the following persons or entities, other than a Director or chief executive of the Company, had or were deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long Positions in Shares and Underlying Shares of the Company

Substantial shareholders	*Note*	Capacity	Number of shares/ underlying shares held	Percentage of shares of the Company in issue
Zhang Jie		Beneficial owner	109,235,000	14.37%
China International Capital Corporation Hong Kong Securities Limited	*1*	Person having a security interests	45,950,000	6.05%
China International Capital Corporation Limited	*1*	Controlled corporation	45,950,000	6.05%

Note:

1. China International Capital Corporation Hong Kong Securities Limited ("**CICCHK**") is a wholly-owned subsidiary of China International Capital Corporation (Hong Kong) Limited, which in turn is a wholly-owned subsidiary of China International Capital Corporation Limited ("**CICCL**"), the issued shares of which are listed on the main board of the Exchange (stock code: 3908). As at 30 June 2016, CICCHK held 45,950,000 security interests in the share capital of the Company and accordingly, CICCL was deemed to be interested in the same block of shares of the Company which was registered under CICCHK.

Save as disclosed above, as at 30 June 2016, the Company has not been notified by any person or entity who had or was deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of SFO.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the section "Related Party Transactions" in note 29 to the consolidated financial statements, no Directors or any controlling shareholders of the Company 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 subsidiaries was a party during the financial year ended 30 June 2016.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this annual report, the Company maintained a sufficient public float as required under the Listing Rules.

SHARE CAPITAL

On 27 May 2016, the Company has allotted and issued 120,000,000 Consideration Shares pursuant to the general mandate at an issue price of HK$3.3 per Consideration Share. The Consideration Shares, amounting to HK$396,000,000, formed part of the Consideration payable by the Group to acquire 60% equity interests in the Kahuer Group. The Consideration Shares ranked *pari passu* in all aspects with the existing ordinary shares of the Company in issue. Save as the aforementioned, the Company did not issue any new shares during the financial year ended 30 June 2016.

During the financial year ended 30 June 2016, neither the Company nor its subsidiaries has purchased, sold or redeemed any shares of the Company. As at 30 June 2016, the total number of issued Shares was 760,000,000 of HK$0.01 each (30 June 2015: 640,000,000 Shares of HK$0.01 each).

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 116 of this annual report.

CONTINGENT LIABILITIES

Save as disclosed in note 31 to the consolidated financial statements of this annual report, the Group had no other contingent liabilities as at 30 June 2016.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2016, total number of employees of the Group was 193 (2015: 167). During the financial year ended 30 June 2016, employees costs (including Directors' emoluments) amounted to S$4,503,097 (2015: S$3,398,871). Remuneration of the employees which included salary and discretionary bonus was based on the Group's results and individual performance. Medical and retirement benefits schemes were made available to qualified personnel.

AUDITORS

The financial statements for the year ended 30 June 2016 have been audited by Ernst & Young. Ernst & Young will retire as auditor at the conclusion of the forthcoming annual general meeting.

By Order of the Board

Peng Rongwu
Chairman

Hong Kong, 20 December 2016

Profile of Directors and Senior Management

BOARD OF DIRECTORS

Executive Directors

Peng Rongwu

Mr Peng Rongwu, aged 53, has been the Chairman of the Company since 26 June 2015. He was appointed as the non-executive Director on 17 November 2014 and re-designated as the executive Director on 1 April 2015. Mr Peng is also a director of certain subsidiaries of the Company. He is currently a shareholder and a director of Hong Kong Chung Hang Limited. The interests of Mr Peng in the shares of the Company as at 30 June 2016 are disclosed in the section headed "Directors' Interests in Securities" in the Directors' Report.

Yeo Jiew Yew

Mr Yeo Jiew Yew, aged 61, has been the Managing Director of the Company since 9 December 2013. He was the founder of the Group, was appointed as a director on 19 June 2013 and re-designated as the executive Director on 9 December 2013. Mr Yeo started his career as an electrical apprentice in 1969 and has over 30 years of experience in the electrical engineering industry. He is also the director of the wholly-owned subsidiary of the Company, Strike Electrical Engineering Pte Ltd ("**Strike Singapore**"). He is a shareholder and a director of Victrad Enterprise (Pte) Limited ("**Victrad**"), which is a related company of the Group. Mr Yeo was also a non-executive director of Lantrovision (S) Ltd, a company previously listed on Singapore Exchange Securities Trading Limited and he resigned in June 2016. Mr Yeo is 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, a senior management of the Group.

Wong Kee Chung

Mr Wong Kee Chung, aged 59, has been the executive Director since 9 May 2016. Mr. Wong is also a director of certain subsidiaries of the Company. Mr Wong holds a bachelor of science degree in town and country planning from the Chelmer Institute of Higher Education (currently Anglia Ruskin University) in the United Kingdom. He had previously worked for Jones Lang Wootton from 1983 to 1987. He had also worked as a partner of Vigers Hong Kong Limited from 1988 to 1996 and a managing director of Vigers Asia Limited from 1996 to 1998. Mr Wong has over 30 years of experience in property consultancy and business development spanned over China and rest of Asia.

Non-executive Director

Tam Tak Wah

Mr Tam Tak Wah, aged 51, has been the non-executive Director since 17 November 2014. Mr Tam is a fellow member of the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom. Mr Tam is appointed to be a member of Disciplinary Panel of the HKICPA for the period from February 2014 to January 2018. He has over 25 years of experience in accounting, corporate finance and corporate development. He is currently an executive director of International Standard Resources Holdings Limited (stock code: 91), an independent non-executive director of Future World Financial Holdings Limited (stock code: 572) and Tech Pro Technology Development Limited (stock code: 3823), all of which are companies listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Exchange**"). Mr Tam served as an independent non-executive director of Siberian Mining Group Company Limited (stock code: 1142) and an executive director of Skyway Securities Group Limited (stock code: 1141) which is a company listed on the Main Board of the Exchange, and resigned in February 2014 and November 2016 respectively.

BOARD OF DIRECTORS (continued)

Independent Non-executive Directors

Lam Kwan Yau Gilbert

Mr Lam Kwan Yau Gilbert, aged 42, has been the independent non-executive Director since 13 November 2015. Mr Lam obtained his bachelor of science degree from Western University, Ontario, Canada in 1996 where he majored in statistics studies, and completed his graduate studies in financial planning and management from London School of Economics and Political Studies in 1998. He previously worked as the associate director in private banking for Barclays Capitals from 1999 to 2001, the vice president in wealth management department of Merrill Lynch from 2001 to 2003, and the president for Hong Kong Hani (Holdings) Ltd. from 2003 to 2014. Currently, Mr Lam is the chairman, vice-chairman and/or director of certain private companies in China, Hong Kong and Macau, namely, Wuxi Mashan Dairy Company Limited, We Park Investment Limited, GEMA Capital Partners Limited and Marlin Investment Company Limited. Mr Lam has over 15 years of experience in strategic planning and financial and investment management.

Leung Po Hon

Mr Leung Po Hon, aged 52, has been the independent non-executive Director since 13 November 2015. Mr Leung is currently a practicing director of Poon and Tong C.P.A. Limited, which he joined in 2001. Mr Leung graduated and obtained a Professional Diploma in Accountancy from The Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1987. Mr Leung obtained a Master Degree in Business Administration of University of Bradford of the United Kingdom in December 1990. He has been a member of Hong Kong Institute of Certified Public Accountant since January 1993 and a fellow member of The Association of Chartered Certified Accountants since January 1997. Mr Leung has more than 25 years of experience in accounting, auditing and financial management. Mr Leung is currently an independent non-executive director of Winfoong International Limited (stock code: 63), Flying Financial Service Holdings Limited (stock code: 8030) and MediNet Group Limited (stock code: 8161), all are companies listed on the Exchange. Mr Leung was also an independent non-executive director of each of China Investment Fund Company Limited (stock code: 612) and Success Dragon International Holdings Limited (stock code: 1182) and he resigned and retired in May 2016 and in August 2016 respectively.

Ng Wai Hung

Mr Ng Wai Hung, aged 53, has been the independent non-executive Director since 1 June 2015. Mr Ng is a practising solicitor and a partner in Iu, Lai & Li, a Hong Kong firm of solicitors. Mr Ng practices in the areas of securities law, corporate law and commercial law in Hong Kong. Mr Ng is an independent non-executive director of six companies listed on the Main Board and two companies listed on the Growth Enterprise Market of the Exchange, namely, Tech Pro Technology Development Limited (stock code: 3823), Fortune Sun (China) Holdings Limited (stock code: 352), Gome Electrical Appliances Holding Limited (stock code: 493), Sustainable Forest Holdings Limited (stock code: 723), Trigiant Group Limited (stock code: 1300), On Time Logistics Holdings Limited (stock code: 6123), Lajin Entertainment Network Group Limited (formerly known as China Star Cultural Media Group Limited) (stock code: 8172) and Xinyi Automobile Glass Hong Kong Enterprises Limited (stock code: 8328). Mr Ng was also an independent non-executive director of Perception Digital Holdings Limited (currently known as Honda Financial Holding Limited) (stock code: 1822) and Qingdao Holdings International Limited (currently known as Hycomm Wireless Limited) (stock code: 499) both are companies listed on the Main Board of the Exchange and resigned in August 2014 and September 2014, respectively.

SENIOR MANAGEMENT

Sim Yew Heng

Mr Sim Yew Heng, aged 55, has been appointed as a director of Strike Singapore since 21 April 2009. Mr Sim started his career in 1976 as an electrical apprentice with an electrical engineering subcontractor and has over 30 years of experience in the electrical engineering industry projects. Mr Sim is also a shareholder and director of Victrad. He was a director of the Company from 19 June 2013 until 1 March 2015. Mr Sim is the brother of Mr Yeo Jiew Yew.

Chan Bee Fong

Ms Chan Bee Fong, aged 48, has been appointed as Senior Finance Manager of Strike Singapore since 1 July 2013. Ms Chan has over 20 years of experience in accounting, secretarial and taxation. Ms Chan has a London Chamber of Commerce Diploma in Management Accounting in 1989.

Poon Hiu Chuin

Mr Poon Hiu Chuin, aged 48, has been appointed as the Project Director of Strike Singapore since 1 July 2013. Mr Poon has about 20 years of experience in managing and executing the electrical engineering project. He obtained a bachelor's degree (honours) in electrical engineering from Queen's University of Belfast in 1996 and he is a qualified and a licensed electrical technician recognised by the Energy Market Authority of Singapore since 2003.

Lim Poh Khim

Ms Lim Pok Khim, aged 50, has been appointed as the Purchasing Manager of Strike Singapore since 1 July 2013. Ms Lim has over 20 years of experience in purchasing and inventory management in electrical engineering industry.

Goey Lee Eng

Ms Goey Lee Eng, aged 48, has been appointed as the Contract Manager of Strike Singapore since 1 July 2013. Ms Goey has over 20 years of experience in overseeing contract and tender department in electrical engineering industry.

Dai Yong

Mr Dai Yong, aged 40, has been appointed as the Project Director of the Company since 11 October 2016. Mr Dai holds a bachelor's degree from Huaihai Institute of Technology. He worked in Zhenjiang Eaton Electric Limited, a Sino-American joint venture, from 1999 to 2008, engaging in the sales management and network expansion of power transmission and distribution products of 110KV and below. From 2009 to 2016, he served as the general manager of Tianjin Kaihe Dianli Keji Limited, which is primarily engaged in the development and implementation of related businesses in the fields of power transmission and distribution products, photovoltaic power station ancillary products and photovoltaic power station solutions. Mr Dai has over 15 years of experience in electric product and photovoltaic new energy related industries. He is mainly responsible for the design, installation and operation of the solar power station projects in the Group.

Li Dong

Mr Li Dong, aged 46, has been appointed as the Project Director of the Company since 11 October 2016. Mr Li holds a bachelor's degree in manufacturing process automation speciality and a master's degree in thermal energy engineering speciality from North China Electric Power University. He served as the general manager of Beijing Zhongneng Great Wall Control Limited from 1994 to 2005 and as the general project manager of Beijing Zhongneng Huarui Energy Environmental Technology Company Limited from 2005 to 2016. Mr Li has over 20 years of experience in electric product and photovoltaic new energy related industries. He is mainly responsible for the design, installation and operation of the solar power station projects in the Group.

Corporate Governance Report

Kingbo Strike Limited (the "**Company**", together with its subsidiaries, the "**Group**") is committed to enhancing the corporate governance and transparency of the Group by applying the principles in the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Exchange**"). The board (the "**Board**") of directors (the "**Directors**") of the Company reviews its corporate governance practices from time to time in order to meet the rising expectations of shareholders and comply with increasingly stringent regulatory requirements and to fulfill its commitment to maintain a high standard of corporate governance. To the best knowledge and belief of the Directors, the Company has complied with all applicable code provisions of the CG Code throughout the financial year ended 30 June 2016, save and except for the deviations from code provisions A.2.7 and A.6.7.

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of practice for carrying out securities transactions by the Directors. After specific enquiry with all members of the Board, the Company confirmed that all Directors have fully complied with the relevant standards stipulated in the Model Code during the financial year ended 30 June 2016.

Subsequent to the balance sheet date, Mr Peng Rongwu ("**Mr Peng**"), the Chairman and Executive Director has dealt with the securities of the Company during black-out period as a result of forced sellings ("**Forced Sellings**") by the brokers under his securities margin accounts on 28 July 2016, 29 July 2016 and 1 August 2016 respectively. After the Forced Sellings, Mr Peng's shareholding interests in the Company reduced from approximately 11.2% to approximately 4.5%. The Directors, who are not interested in the Forced Sellings satisfied that the Forced Sellings were exceptional circumstances under paragraph C.14 of the Model Code.

THE BOARD

The Board guides and monitors the business and affairs of the Company to enhance long-term shareholders' value. It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

THE BOARD (continued)

Chairman and Managing Director

The positions of the Chairman and the managing director of the Company (being defined as chief executive in the CG Code) are held separately by Mr Peng Rongwu and Mr Yeo Jiew Yew with a view to maintain effective division of responsibilities between the chairman of the Board and the managing director of the Company. The Chairman of the Board is responsible for the operation of the Board and the overall strategy of the Group and ensuring corporate governance compliance, management and business operations in Hong Kong. The Managing Director, with the assistance of other members of the Board and senior management, is responsible for the overall management, strategic planning and business development of the Group's subsidiary in Singapore. This segregation of roles ensures the reinforcement of their independence, accountability and responsibility. 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.

Board Composition

The Board currently comprises three Executive Directors, one Non-executive Director and three Independent Non-executive Directors.

The members of the Board are set out as below:

Executive Directors:

Mr Peng Rongwu *(Chairman)*
Mr Yeo Jiew Yew *(Managing Director)*
Mr Wong Kee Chung

Non-executive Director:

Mr Tam Tak Wah

Independent Non-executive Directors:

Mr Lam Kwan Yau Gilbert
Mr Leung Po Hon
Mr Ng Wai Hung

The composition of the Board is reviewed regularly to ensure that it has a good balance of expertise, skills and experience which can meet the requirements of the business of the Company. The Board includes three Independent Non-executive Directors, in which Mr Leung Po Hon is a certified public accountant in Hong Kong. Mr Leung possesses extensive experience in the accountancy profession and has appropriate accounting and related financial management expertise. The biographical details of the Directors are set out under the section headed "Board of Directors and Senior Management" on pages 28 to 30.

During this financial year ended 30 June 2016, the Executive Directors and Non-executive Directors (including the Independent Non-executive Directors) provided the Group with wide range of valuable business experience, knowledge and professionalism. The active participation of the Independent Non-executive Directors in the Board and committee meetings brought independent judgement on issues relating to the Group's strategy, performance and management process, taking into account the interests of the shareholders of the Company (the "**Shareholders**").

THE BOARD (continued)

Responsibilities of the Board

The Board is responsible for the leadership and control of the Company. The Board determines the overall strategies, monitors and controls operating and financial performance, sets objectives and business development plans and makes key decisions of the Company. The day-to-day management and operation are delegated to the Executive Directors and senior management. The delegated functions are closely supervised by the Board to ensure effectiveness and alignment with the overall strategies of the Company. Approval has to be obtained from the Board prior to any significant transactions to be entered into by the senior management.

The Board is also entrusted with the overall responsibility of developing, maintaining and reviewing sound and effective corporate governance policies within the Group and is committed to ensuring that an effective corporate governance is put in place to continuously review and improve the corporate governance practices within the Group.

All Directors have full and timely access to all relevant information in relation to the Company as well as the advices and services of the Company Secretary, if and when required, with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

There are established procedures for directors to seek independent professional advices for them to discharge their duties and responsibilities, where appropriate at the expenses of the Company.

Save as disclosed in the section headed "Directors and Senior Management" in this annual report, there is no financial, business, family or other material relationships among members of the Board and between the Chairman and the Managing Director.

Regular Board meetings in each year are scheduled in advance to facilitate maximum attendance of Directors. At least 14 days' notice of a Board meeting is normally given to all Directors who are provided with an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least 3 days before the intended date of a regular Board meeting (and so far as practicable for such other Board meetings). All minutes and/or resolutions are kept by the Company and are open for inspection at any reasonable time on reasonable notice by any Director.

Whereas a Director has conflict of interest in a matter to be considered by the Board and the Board has determined it is material, such matter will then be dealt with by the Board at a duly convened Board meeting. The Articles of Association stipulates that save for the exceptions as provided therein, a Director shall abstain from voting and not be counted in the quorum at meetings for approving any contract or arrangement in which such Director or any of his associates have a material interest.

Each Director can have access to Board papers and other related materials and have access to the advice and services of the Company Secretary. The Board and individual Director also have separate and independent access to the senior management of the Company. Directors are continuously updated with the major developments of the Listing Rules and other applicable regulatory requirements so as to ensure the Company's compliance with and upkeep of good corporate governance practices. In addition, Directors are allowed to seek independent professional advice in appropriate circumstances for discharging their duties at the expense of the Company.

THE BOARD (continued)

Independent Non-executive Directors

The Company has received from each Independent Non-executive Director an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Board and the Nomination Committee have reviewed the independence of the Independent Non-executive Directors and considered all Independent Non-executive Directors are independent within the definition of the Listing Rules.

All Independent Non-executive Directors were appointed with specific term and are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association.

Directors Commitments and Continuous Professional Development

The Company has received confirmation from each Director that he has given sufficient time and attention to the affairs of the Company for the financial year ended 30 June 2016. Directors have disclosed to the Company the number and nature of offices held in Hong Kong and overseas listed public companies or organisations.

Each newly appointed Director receives an induction at his appointment to ensure that he has proper understanding of the operations and business of the Group and is fully aware of his responsibilities and obligations under the Listing Rules, applicable laws and other relevant statutory requirements. Directors are continually provided with updates on statutory and regulatory developments, evolution of the business environment so as to facilitate them to discharge their duties.

According to the records maintained by the Company, Directors received continuous professional development with an emphasis on the roles, functions and duties of being a director of a listed company in compliance with code provision A.6.5 of the CG Code during financial year ended 30 June 2016:

	Corporate governance/ updates on laws, rules and regulations	Accounting/ financial/ management or other professional skills
Executive Directors		
Peng Rongwu	✓	
Yeo Jiew Yew	✓	
Wong Kee Chung	✓	
Non-executive Director		
Tam Tak Wah	✓	✓
Independent Non-executive Directors		
Lam Kwan Yau Gilbert	✓	
Leung Po Hon	✓	✓
Ng Wai Hung	✓	

Directors and Officers Policy

During the financial year ended 30 June 2016, appropriate insurance coverage on directors' and officers' liabilities has been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established with written terms of reference specifying its authority and duties which is available on the websites of the Exchange and the Company. The Audit Committee consists 4 Non-executive Directors, in which 3 are independent, namely,

Mr Leung Po Hon *(Chairman)*
Mr Lam Kwan Yau Gilbert
Mr Ng Wai Hung
Mr Tam Tak Wah

The primary terms of the Audit Committee are as follows:

On external audit:

- make recommendations to the Board on the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditor;
- review and monitor the external auditor's independence as well as the objectives and effectiveness of the audit process in accordance with applicable standards;
- discuss with the external auditor before the audit commences, the nature and scope of the audit and reporting obligations and ensure co-ordination where more than one audit firm is involved; and
- develop and implement policy on the engagement of the external auditor to provide non-audit services.

On annual financial results:

- monitor integrity of the interim and annual financial statements and interim and annual reports and accounts, and review significant financial reporting judgements contained therein before submission to the Board;
- review the Group's financial and accounting policies and practices;
- review external auditor's management letter, any material queries raised by the auditor to the management in respect of accounting records, financial accounts or system of control and management response; and
- consider any significant or unusual items that are, or may need to be, reflected in the interim and annual reports and accounts and give due consideration to any matters that have been raised by the Group.

AUDIT COMMITTEE (continued)

On internal control and risk management:

- review the Group's financial controls and its internal control and risk management systems;

- discuss with management the system of internal control and ensure that management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and its training programmes and budget;

- consider any findings of major investigation of internal control matters as delegated by the Board or on its own initiative and management's responses thereto;

- ensure co-ordination between the internal and external auditors and that the internal audit function is adequately resourced and has appropriate standing within the Group; and

- report to the Board on the matters raised in the CG Code.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration Committee**") was established with written terms of reference specifying its authority and duties which is available on the website of the Company. The Remuneration Committee comprised four members who are Independent Non-executive Directors, namely,

Mr Leung Po Hon *(Chairman)*
Mr Lam Kwan Yau Gilbert
Mr Ng Wai Hung
Mr Tam Tak Wah

The roles and functions of the Remuneration Committee are set out in its terms of reference which are posted on the websites of Exchange and the Company. Primary terms include:

- making recommendations to the Board on policy and structure of remuneration of the Directors and senior management whereby the Board has the final authority to approve the remuneration of Directors and senior management;

- determining the remuneration packages of each Director and member of the senior management by reference to corporate goals; and

- ensuring no Directors or any of their associates are involved in deciding their own remuneration packages and objectives and compensation arrangements relating to dismissal or removal of Directors.

The remuneration package of each Director is determined by reference to the prevailing market conditions, his duties and responsibilities to the Company and the Company's remuneration policy.

During the financial year ended 30 June 2016, the Remuneration Committee had held one meeting to discuss the remuneration policy and review the remuneration of the Board, and make recommendations to the Board having taken into consideration of the current situation of the economy and the results of the Group.

REMUNERATION COMMITTEE (continued)

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of senior management by band for the financial year ended 30 June 2016 is set out below:

Annual remuneration (by band)	Number of individuals
S$1 – S$100,000	2
S$100,001 – S$200,000	2
S$200,001 – S$300,000	1

Further particulars of Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 9 to the consolidated financial statements.

NOMINATION COMMITTEE

The nomination committee of the Company (the "**Nomination Committee**") was established with written terms of reference specifying its authority and duties which is available on the website of the Exchange and the Company. The Nomination Committee comprised four members, amongst which three are Independent Non-executive Directors and one is Executive Director, namely,

Mr Peng Rongwu *(Chairman)*
Mr Lam Kwan Yau Gilbert
Mr Leung Po Hon
Mr Ng Wai Hung

With the aim to build up a strong and diverse Board, the Nomination Committee would identify suitable and qualified individuals, in particular those who can add value to the management through their expertise in relevant strategic business areas, to be the board members, and would recommend the Board on relevant matters relating to the appointment or re-appointment of Directors, if necessary.

Details of the procedures for Shareholders to propose a person for election as a Director are outlines in the "Procedures for Shareholders to Propose a Person for Election as a Director" which is available on the website of the Company.

For the financial year ended 30 June 2016, the Nomination Committee held one meeting to review the structure and diversity of the Board, the policies applicable to the board composition and nomination, the term of appointment of Non-executive Directors, and to assess the independence of Independent Non-executive Directors and to make recommendations to the Board on the appointment and re-appointment of Directors taking into account their experience and qualifications.

The primary terms of the Nomination Committee include:

- review and supervise the structure, size and composition of the Board;
- develop the criteria for identifying and assessing the qualification of and evaluating candidates for directorship; and
- make recommendations to the Board on the selection of nominated directorship and matters related to appointment or re-appointment of Directors.

NOMINATION COMMITTEE (continued)

Pursuant to the Articles of Association, any Director appointed to fill a casual vacancy should be subject to re-election by the shareholders of the Company at the next general meeting of the Company after their appointments, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. In addition, at each annual general meeting of the Company, one-third of the Directors shall retire from office by rotation (but will be eligible for re-election) such that all Directors should be subject to retirement by rotation at least once every three years.

The Nomination Committee follows a set of procedures when recommending candidates for the directorship. The primary criteria of selecting a candidate include assessing his:

- integrity, objectivity and intelligence of the candidate, with reputations for sound judgement and open mind, and a demonstrated capacity for thoughtful group decision making;

- qualification and career experience; and

- understanding of the Company and the Group's mission.

When a candidate is proposed for a directorship, he shall be evaluated on the basis of the aforementioned criteria. Selection of the suitable candidate is based on a majority vote and the view of each committee member will be sought before voting commences. The Chairman of the Nomination Committee will present the proposal (with the voting results) and recommendations to the Board.

Save as disclosed in the 2015/2016 interim report of the Company, the Nomination Committee had not considered and/or recommended any changes of the Board during the financial year ended 30 June 2016.

Board Diversity

The Nomination Committee adopted the board diversity policy of the Company which sets out the approach to achieve diversity on the Company's Board of Directors. The Company recognises the benefits of board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the candidates' merits and contributions to the Board. The Nomination Committee reviews the board diversity policy, as appropriate, to ensure its effectiveness from time to time. The Company considers that the current Board composition is characterised by diversity, whether considered in terms of gender, professional background, skills and knowledge.

BOARD AND COMMITTEES MEETINGS

During the financial year ended 30 June 2016, the Company held six Board meetings, two Audit Committee meetings, one Remuneration Committee meeting, one Nomination Committee meeting and one general meeting. The individual attendance record of each Director at the Board meetings, Board Committees meetings and general meetings during the financial year is set out below and is presented by reference to the number of meetings held during their tenure:

		Number of meetings attended/held				
Director	*Note*	Board	Audit Committee	Remuneration Committee	Nomination Committee	General meeting Shareholder
Executive Director						
Peng Rongwu	*1*	6/6	N/A	N/A	0/0	1/1
Yeo Jiew Yew	*2*	3/6	N/A	1/1	1/1	0/1
Wong Kee Chung	*3*	1/1	N/A	N/A	N/A	0/0
Non-executive Director						
Tam Tak Wah	*4*	5/6	1/1	0/0	N/A	1/1
Independent Non-executive Director						
Lam Kwan Yau Gilbert	*5*	3/5	1/1	0/0	0/0	1/1
Leung Po Hon	*6*	4/5	1/1	0/0	0/0	1/1
Ng Wai Hung	*7*	2/6	1/2	1/1	1/1	0/1
Ng Tiow Swee	*8*	1/1	1/1	1/1	1/1	0/1
Wong Siew Chuan	*9*	1/1	1/1	N/A	1/1	0/1

Note:

1. Mr Peng Rongwu was appointed the chairman of the Nomination Committee with effect from 13 November 2015.

2. Mr Yeo Jiew Yew resigned as a member of the Remuneration Committee and Nomination Committee with effect from 13 November 2015.

3. Mr Wong Kee Chung was appointed the Executive Director with effect from 9 May 2016.

4. Mr Tam Tak Wah was appointed a member of the Audit Committee and Remuneration Committee with effect from 13 November 2015.

5. Mr Lam Kwan Yau Gilbert was appointed the Independent Non-executive Director, a member of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 13 November 2015.

6. Mr Leung Po Hon was appointed the Independent Non-executive Director, the chairman of the Audit Committee and Remuneration Committee, a member of the Nomination Committee with effect from 13 November 2015.

7. Mr Ng Wai Hung was appointed as a member of the Nomination Committee with effect from 13 November 2015.

8. Mr Ng Tiow Swee retired as the Independent Non-executive Director and ceased to be the chairman of the Remuneration Committee and Nomination Committee and a member of the Audit Committee with effect from 13 November 2015.

9. Ms Wong Siew Chuan retired as the Independent Non-executive Director and ceased to be the chairman of the Audit Committee and a member of the Nomination Committee with effect from 13 November 2015.

BOARD AND COMMITTEES MEETINGS (continued)

Minutes of the Board and Board Committees meetings have been recorded in sufficient details including any matters considered in the meetings, decisions reached and concerns or queries raised by the Directors or dissenting views expressed. Draft and final versions of minutes of the Board and Board Committees are sent to all Directors or Committee members for comments and records respectively within a reasonable time after the meeting.

COMPANY SECRETARY

The Company engaged an external service provider as its Company Secretary since 9 December 2013. The Finance Manager of the Company, Mr Ching Kin Wai is the primary corporate contact person of the Company.

The Company Secretary is responsible to the Board for ensuring that board procedures are followed and the board is fully briefed on all legislative, regulatory and corporate governance developments and that it has regard to them when making decisions.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility to maintain sound and effective risk management and internal control systems of the Company in order to manage rather than eliminate risks of failure to achieve business objectives, and to provide reasonable but not absolute assurance against material misstatement or loss.

The Group maintains an internal audit function. Audit plans, risk assessments and regular internal audit reports are presented to and reviewed by the Audit Committee, who reports the findings to the Board. For the financial year ended 30 June 2016, the Board through the Audit Committee had conducted an annual review on the systems of internal control and risk management of the Company. The review covered material controls, including financial, operational and compliance controls and risk management functions of the Group. Areas of improvement have been identified and appropriate measures have been put in place to manage the risks. The improvement of the systems of risk management and internal control is an ongoing process and the Board maintains a continuing commitment to strengthen the Company's control environment and processes. In accordance with the requirement of the Listing Rules, the Audit Committee indicated to the Board the needs to implement the internal control of the Group to the newly acquired subsidiaries. The Audit Committee further suggested to engage external service provider to perform ongoing internal control of the newly acquired subsidiaries.

AUDITORS' REMUNERATION

An analysis of the remuneration payable to the independent auditors of the Company, Ernst & Young, to perform audit and non-audit services for the financial year ended 30 June 2016 is as follows:

For the financial year ended 30 June	2016 (S$)	2015 (S$)
Services rendered:		
Audit service	225,467	154,000
Non-audit service	–	–

SHAREHOLDERS' RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to articles 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 two 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.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES AND PROPOSALS TO THE BOARD

To foster regular and contribute two-way communications amongst the Company, its Shareholders and potential investors, the Company Secretary is designated to respond to enquiries and proposals from Shareholders as well as the public.

Enquiries and concerns of the Shareholders and other stakeholders can be made in writing to the Company Secretary via the following contact details:

By mail:	Unit 4408, 44/F, COSCO Tower 183 Queen's Road Central Sheung Wan, Hong Kong
By fax:	(852) 35231122
By email:	contact@kingbostrike.com

Shareholders may also make enquiries to the Board at the general meetings of the Company.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Board and senior management recognise the responsibility of safeguarding the interest of the Shareholders and providing transparent and real-time disclosure of information of the Company so as to keep the Shareholders and investors abreast of the Company's position and help them to make informed investment decision.

Information of the Company and the Group are delivered to the Shareholders through various channels, which include 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 websites of the Company and the Exchange.

The Company holds an 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.

For the financial year ended 30 June 2016, there had been no significant change in the Company's constitutional documents including the Articles.

DIRECTORS' AND INDEPENDENT AUDITORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and has ensured that the consolidated financial statements are prepared in accordance with statutory requirements and applicable accounting standards.

The statement of the independent auditor of the Company, Ernst & Young, about reporting responsibilities on the consolidated financial statements of the Group is set out under the heading "Independent Auditor's Report" in this annual report.

Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

FINANCIAL CALENDAR

2015/2016 Annual Results Announcement:	20 December 2016 (Tuesday)
Closure of Register of Members:	*For ascertaining Shareholders' entitlement to attend and vote at 2016 Annual General Meeting* 9 February 2017 (Thursday) to 13 February 2017 (Monday)
2016 Annual General Meeting:	13 February 2017 (Monday)

EY 安永

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

We were engaged to audit the consolidated financial statements of Kingbo Strike Limited (the "**Company**") and its subsidiaries set out on pages 46 to 115, which comprise the consolidated statement of financial position as at 30 June 2016, 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 in accordance with International Standards on Auditing. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. 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.

BASIS FOR DISCLAIMER OF OPINION

Acquisition of Kahuer Holding Co., Limited

As disclosed in Note 28 to the consolidated financial statements, during the year, the Group acquired 60% equity interest in Kahuer Holding Co., Limited ("**Kahuer**") at an aggregate consideration of approximately HK$420 million (equivalent to S$74,394,615) (the "**Acquisition**"). Management considered that the Acquisition is a business combination.

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

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

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

BASIS FOR DISCLAIMER OF OPINION (continued)

Acquisition of Kahuer Holding Co., Limited (continued)

(1) Identifiable assets and liabilities of Kahuer Group

As referred to in Note 28 to the consolidated financial statements, included in the purchase price allocation were inventories of approximately S$3.5 million which were stated at fair value. Management determined the projected margin of these inventories based on the Forecast and derived the respective fair value. Deferred tax liabilities of approximately S$0.8 million was recognised which arose from the difference between the fair value and the carrying value of these inventories. As we were unable to ascertain the reasonableness of the Forecast, we were unable to ascertain whether these inventories and deferred tax liabilities were appropriately stated. Consequently, we were unable to ascertain whether the non-controlling interest of approximately S$1.0 million, being 40% of the net assets less liabilities of Kahuer Group at the date of acquisition, and the goodwill of approximately S$58 million, being the residual value from the purchase price allocation, were appropriately stated. Any adjustments found to be necessary would have an effect on the purchase price allocation of the Kahuer Group and the related disclosures.

(2) Impairment assessment of goodwill

Included in the consolidated financial statements as at 30 June 2016 was a goodwill of approximately S$57 million which arose from the Acquisition. As referred to in Note 12 to the consolidated financial statements, the directors of the Company performed impairment assessment on this goodwill by comparing its carrying value to the respective recoverable amount of solar power station project cash-generating unit and concluded that the goodwill was not impaired. The recoverable amount was determined from the Forecast. As we were unable to evaluate the reasonableness of the Forecast, we were unable to ascertain whether the recoverable amount was reliably determined and whether the goodwill was impaired. Any adjustments found to be necessary would have an effect on the net assets of the Group at 30 June 2016 and net profit of the Group for the year then ended.

(3) Fair value of profit guarantee receivable

Included in the consolidated financial statements as at 30 June 2016 was a profit guarantee receivable of approximately S$9 million which arose from the Acquisition (Note 19). This balance was stated at fair value which was determined by an external appraiser. This balance arose from the Acquisition and its initial recognised balance was approximately S$9.6 million. This balance was derived from the same data input used in the Forecast but a different methodology model was applied by the external appraiser. In the absence of historical information and reliable documents supporting the inputs used in the preparation of the Forecast, we were unable to ascertain the reasonableness of this profit guarantee receivable. Any adjustments found to be necessary would have an effect on the profit guarantee receivable, and consequently the net assets of the Group at 30 June 2016, and any changes of the fair value would have an effect on the net profit of the Group for the year then ended.

(4) Prepayments for acquisition of subsidiaries

Included in the consolidated financial statements as at 30 June 2016 was a long term prepayment for acquisition of subsidiaries of approximately S$4.7 million which arose from the Acquisition (Note 20). Further details of this balance are set out in Note 28 to the consolidated financial statements. As referred therein, there were two entities (namely 青島啟光新能源發電有限公司 and 昌樂中興開合光伏發電有限公司) which formed part of the Acquisition, their legal ownership had not been transferred to the Group until the completion of a series of reorganisation steps. Accordingly, the directors of the Company had made provisional allocation of the consideration of the Acquisition to these two entities. The allocation was made by reference to the Forecast using the attributable data input of these two entities in the Forecast. However, in the absence of historical information and reliable documents supporting the inputs used in the preparation of the Forecast, we were unable to ascertain whether the allocation basis was appropriate and consequently, whether the long term prepayments for acquisition of subsidiaries were appropriately stated, and consequently the net assets of the Group at 30 June 2016.

DISCLAIMER OF OPINION

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

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

20 December 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 30 June 2016

	Notes	2016 S$	2015 S$
REVENUE	5	21,501,034	11,826,488
Cost of sales		(18,479,236)	(8,192,581)
Gross profit		3,021,798	3,633,907
Other income and gains	6	2,562,882	613,952
Administrative expenses		(1,985,768)	(1,417,087)
Other expenses		(898,060)	(307,682)
Finance costs	7	(39,114)	(258)
Share of results of joint ventures		2,028,361	1,470,714
Share of results of an associate		(118,107)	267,858
PROFIT BEFORE TAX	8	4,571,992	4,261,404
Income tax expense	10	(587,357)	(373,953)
PROFIT FOR THE YEAR		3,984,635	3,887,451
ATTRIBUTABLE TO			
Owners of the parent		3,982,201	3,887,451
Non-controlling interests		2,434	–
		3,984,635	3,887,451
PROFIT FOR THE YEAR		3,984,635	3,887,451
Exchange differences on translation of foreign operations		(1,498,545)	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,486,090	3,887,451
ATTRIBUTABLE TO			
Owners of the parent		2,483,656	3,887,451
Non-controlling interests		2,434	–
		2,486,090	3,887,451
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDINGS OF THE PARENT			
Basic and diluted (S$ cents)	11	0.61	0.61

Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	2016 S$	2015 S$
NON-CURRENT ASSETS			
Goodwill	12	57,354,883	–
Prepayments for acquisition of subsidiaries	20	4,665,245	–
Interests in joint ventures	13	4,596,337	2,867,976
Interests in an associate	14	448,551	541,658
Plant and equipment	15	515,477	390,512
Trade and other receivables	18	1,939,675	1,622,357
Total non-current assets		69,520,168	5,422,503
CURRENT ASSETS			
Gross amount due from customers for contract work in progress	16	2,534,536	2,463,996
Inventories	17	4,111,592	46,630
Trade receivables, deposits and other receivables	18	4,056,613	1,746,016
Profit guarantee receivable	19	8,949,777	–
Prepayments	20	6,793,574	26,826
Held-for-trading investments	21	5,756,891	–
Cash and cash equivalents	22	12,672,201	17,628,754
Total current assets		44,875,184	21,912,222
CURRENT LIABILITIES			
Income tax payable		570,227	364,918
Trade and other payables	23	14,771,758	3,856,802
Total current liabilities		15,341,985	4,221,720
NET CURRENT ASSETS		29,533,199	17,690,502
TOTAL ASSETS LESS CURRENT LIABILITIES		99,053,367	23,113,005

As at 30 June 2016

	Notes	2016 S$	2015 S$
NON-CURRENT LIABILITIES			
Interest-bearing borrowings	*24*	**6,820,423**	–
Deferred tax liabilities	*25*	**795,315**	25,243
Total non-current liabilities		**7,615,738**	–
Net assets		**91,437,629**	23,087,762
EQUITY			
Share capital	*26*	**1,261,436**	1,048,880
Reserves	*27*	**89,139,575**	22,038,882
		90,401,011	23,087,762
Non-controlling interests		**1,036,618**	–
Total equity		**91,437,629**	23,087,762

Peng Rongwu
Director

Wong Kee Chung
Director

Consolidated Statement of Changes in Equity

Year ended 30 June 2016

	Attributable to equity holders of the parent							
	Share capital *(Note 27)* S$	Share premium *(Note 27)* S$	Exchange fluctuation reserve S$	Retained profits S$	Merger reserves S$	Total S$	Non-controlling interests S$	Total equity S$
At 1 July 2014	**1,048,880**	**12,366,974**	**–**	**8,024,104**	**(2,239,647)**	**19,200,311**	**–**	**19,200,311**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**3,887,451**	**–**	**3,887,451**	**–**	**3,887,451**
At 30 June 2015 and 1 July 2015	1,048,880	12,366,974*	–	11,911,555*	(2,239,647)*	23,087,762	–	23,087,762
Profit for the year	–	–	–	3,982,201	–	3,982,201	2,434	3,984,635
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	–	–	(1,498,545)	–	–	(1,498,545)	–	(1,498,545)
Total comprehensive income for the year	–	–	(1,498,545)	3,982,201	–	2,483,656	2,434	2,486,090
Acquisition of subsidiaries *(Note 28)*	212,556	64,617,037	–	–	–	64,829,593	1,034,184	65,863,777
At 30 June 2016	1,261,436	76,984,011*	(1,498,545)*	15,893,756*	(2,239,647)*#	90,401,011	1,036,618	91,437,269

* These reserve accounts comprise the consolidated reserves of S$89,139,575 (2015: S$22,038,882) in the consolidated statement of financial position.

\# Merger reserves of the Group represent the capital contributions from the equity holders of the subsidiary, Strike Electrical Engineering Pte Ltd. ("**Strike Singapore**"). The Group acquired Strike Singapore during the year ended 30 June 2013 from Victrad Enterprise (Pte) Limited ("**Victrad**") which was an acquisition under common control and had been accounted for by applying the principle of merger accounting and the merger reserves had been debited for the purchase consideration for Strike Singapore.

Consolidated Statement of Cash Flows

Year ended 30 June 2016

	Notes	2016 S$	2015 S$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		4,571,992	4,261,404
Adjustments for:			
Bank interest income	6	(5,080)	(34,671)
Share of results of joint ventures		(2,028,361)	(1,470,714)
Share of results of an associate		118,107	(267,858)
Depreciation of plant and equipment	8	95,316	90,071
Loss on plant and equipment written off	8	792	2,202
(Gain)/loss on disposal of plant and equipment	8	(2,415)	10,036
Change in fair value of held-for-trading investments	8	(2,315,440)	–
Change in fair value of profit guarantee receivable	8	642,877	–
Foreign exchange differences	6	(169,205)	(534,806)
		908,583	2,055,664
(Increase)/decrease in the gross amount due from customers for contract work in progress		(70,540)	180,189
Increase in inventories		(604,283)	(2,821)
Decrease/(increase) in prepayments		97,596	(544)
(Increase)/decrease in trade receivables, deposits and other receivables		(2,601,089)	627,271
Increase/(decrease) in trade and other payables		4,709,283	(2,874,002)
Cash generated from/(used in) operations		2,439,550	(14,243)
Interest received		5,080	34,671
Overseas tax paid		(404,810)	(1,296,011)
Net cash flows generated from/(used in) operating activities		2,039,820	(1,275,583)

Year ended 30 June 2016

	Notes	2016 S$	2015 S$
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in a joint venture		–	(125,000)
Investment in an associate		(25,000)	(25,000)
Dividends received from joint ventures	13	300,000	665,000
Purchase of held-for-trading investments		(3,488,999)	–
Purchase of items of plant and equipment	15	(221,088)	(399,985)
Net cash outflow from acquisition of subsidiaries	28	(3,191,021)	–
Proceeds from disposal of plant and equipment		2,415	2,506
Net cash flows (used in)/generated from investing activities		(6,623,693)	117,521
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4,583,873)	(1,158,062)
Effects of currency translation on cash and cash equivalents		(372,680)	534,806
Cash and cash equivalents at beginning of year		17,628,754	18,252,010
CASH AND CASH EQUIVALENTS AT END OF YEAR		12,672,201	17,628,754
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at banks and on hand	22	12,672,201	17,628,754

1. CORPORATE AND GROUP INFORMATION

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

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

Information about subsidiaries

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

Name	Place of incorporation and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company 2016 Direct	2016 Indirect	2015 Direct	2015 Indirect	Principal activities
Strike Electrical Engineering Pte Ltd ("**Strike Singapore**")	Singapore	S$1,510,000	100	–	100	–	Electrical works and general building engineering services
Triple Treasure Global Limited	British Virgin Islands ("**BVI**")	US$1	100	–	100	–	Investment holding
Capital Asia Investment Limited	Hong Kong	HK$1	–	100	–	100	Investment holding
Marvel Skill Holdings Limited[2]	BVI	US$50,000	100	–	–	–	Investment holding
Kahuer Holding Co., Limited[1]	BVI	US$50,000	–	60	–	–	Investment holding
Loydston International Limited[1]	Hong Kong	HK$500,000	–	60	–	–	Investment holding
開合新能源(鎮江)有限公司[1,3,5] (Kaihe New Energy (Zhenjiang) Company Limited) ("**Kaihe New Energy**")	PRC	RMB755,316	–	60	–	–	Construction, operation and sale of solar power station projects
鎮江開普光伏發電有限公司[1,4,5] (Zhenjiang Kaipu Photovoltaic Power Company Limited) ("**Zhenjiang Kaipu**")	PRC	RMB10,000	–	60	–	–	Construction and operation of solar power station projects
鎮江開能光伏發電有限公司[1,4,5] (Zhenjiang Kaineng Photovoltaic Power Company Limited) ("**Zhenjiang Kaineng**")	PRC	RMB10,000	–	60	–	–	Construction and operation of solar power station projects

1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place of incorporation and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			Direct 2016	Indirect 2016	Direct 2015	Indirect 2015	
鎮江開合光伏發電有限公司[1,4,5,6] (Zhenjiang Kaihe Photovoltaic Power Company Limited) ("**Zhenjiang Kaihe**")	PRC	RMB10,000	–	60	–	–	Construction and operation of solar power station projects
天津開合光伏能源科技有限公司[1,4,5] (Tianjin Kaihe Photovoltaic Energy Technology Company Limited) ("**Tianjin Kaihe**")	PRC	RMB1,000,000	–	60	–	–	Construction, operation and sale of solar power station projects
盱眙盛能新能源有限公司[1,4,5,7] (Xuyi Shengneng New Energy Company Limited) ("**Xuyi Shengneng**")	PRC	RMB400,000	–	60	–	–	Construction and operation of solar power station projects

Notes:

1. Acquired during the business combination on 27 May 2016. Further details of the acquisitions are set out Note 28 to the financial statements.
2. Newly incorporated on 8 January 2016 as a wholly-owned subsidiary of the Company.
3. Registered as a wholly-foreign-owned enterprise under PRC law
4. Registered as domestic limited liability companies under PRC law
5. The unofficial English translations are for identification purposes only.
6. As at 30 June 2016, 35% shares of Zhenjiang Kaihe had been pledged for the interest-bearing other loan of S$6,820,423, as further detailed in Note 24 to the financial statements.
7. As at 30 June 2016, 45% shares of Xuyi Shengneng had been pledged to the supplier, as further detailed in Note 29(b)(iii) to the financial statements.

2.1 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 Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention, except for held-for-trading investments (Note 21) and a profit guarantee receivable (Note 19) which have been measured at fair value. These financial statements are presented in Singapore Dollars ("**S$**").

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 30 June 2016. 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).

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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 agreement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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.

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

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

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

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

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

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

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs

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

IFRS 9	*Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to IFRS11	*Joint Arrangements: Accounting for Acquisitions*[1]
IFRS 14	*Regulatory Deferral Accounts*[3]
IFRS 15	*Revenue from Contracts with Customer*[2]
Amendments to IAS 1	*Disclosure initiative*[1]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[1]
Annual Improvements to IFRSs 2012-2014 Cycle	*Amendments to a number of IFRSs*[1]

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

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

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

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

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

IFRS 9 *Financial Instruments*

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

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

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

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

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

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

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

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

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

IFRS 14 *Regulatory Deferral Accounts*

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

IFRS 15 *Revenue from Contracts with Customers*

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

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

Amendments to IAS 1 *Disclosure Initiative*

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

(i) the materiality requirements in IAS 1;

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

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

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

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

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

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

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)

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

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

Amendments under *Annual Improvements to IFRSs 2012-2014 Cycle*

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

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

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

IFRS 7 *Financial Instruments: Disclosures*

(i) *Servicing contracts*

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

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

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

IAS 19 *Employee Benefits*

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

IAS 34 *Interim Financial Reporting*

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in an associate and joint ventures

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 an associate and joint ventures 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.

The Group's share of the post-acquisition results and other comprehensive income of an associate and joint ventures 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 ventures, 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 associate or joint ventures are eliminated to the extent of the Group's investments in the associate or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associate or joint ventures is included as part of the Group's investments in an associate or joint ventures.

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.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For business combination, the Group elects to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 30 June. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures its derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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 profit or loss 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);
- (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); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 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 profit or loss 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 is calculated on the straight-line basis to write off the cost of each item of plant and equipment over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	–	33.33%
Computer	–	33.33%
Motor vehicles	–	16.67%
Office and site equipment	–	12.5% to 33.33%

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 profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 profit or loss on a straight-line basis over the lease terms.

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.

Subsequent measurement of loans and receivables

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as other expenses in the consolidated statement of profit or loss and other comprehensive income. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

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 other income and gains in the consolidated statement of profit or loss and other comprehensive income. The loss arising from impairment is recognised in the consolidated statement of profit or loss and other comprehensive income in finance costs for loans and in other expenses for receivables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

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 difficulties, 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.

Financial assets carried at amortised cost

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.

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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

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 profit or loss. Interest income continues to be accrued on the reduced carrying amount 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 profit or loss.

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 and interest-bearing other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

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 profit or loss 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 consolidated statement of profit or loss and other comprehensive income.

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 profit or loss.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is based on a first in, first out basis and includes all costs in bringing the inventories to its present location and condition. In the case of work in progress, comprises direct materials and direct labour. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

The solar power stations that are included in the scope of consolidation and are under construction are classified as inventories and are measured in the same way as other inventories, including the borrowing costs capitalised until they are ready for use.

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 stage 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 an 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 revenues – Contract revenues correspond to the initial amount of revenues 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.

2.4 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 are 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 from the rendering of electrical engineering services

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) Revenue from sale of solar power stations

Revenue from sale of solar power station projects is recognised when the projects have been delivered and title thereto has been transferred. Sale of solar power station projects which are classified as inventories are recognised under "Revenue" in the consolidated statement of profit or loss and other comprehensive income for the total price of the shares of the solar power station projects. At the same time, the related inventories are derecognised with a charge to the consolidated statement of profit or loss and other comprehensive income. The difference between the two amounts represents the operating profit or loss obtained from the sale. Solar power station projects adopt the legal structure of a private limited liability company, the financial statements of which are fully consolidated in the accompanying consolidated financial statements.

(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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goods and services tax ("GST")

Revenues, expenses and assets incurred by Strike Singapore 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.

Income tax

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.

Current tax assets and liabilities 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.

Deferred tax is provided, using the liability method, on all 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:

- when the deferred tax liability arises from the initial recognition of goodwill or 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 investments in subsidiaries, an associate and joint ventures, when 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, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when 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 investments in subsidiaries, an associate and joint ventures, deferred tax assets are only recognised 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income 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.

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.

Employee benefits

(a) Defined contribution plans

Mandatory Provident Fund

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Central pension scheme

Subsidiaries operating in Mainland China have participated in the central pension scheme (the "**CPS**") operated by the PRC government for all of their employees. These PRC subsidiaries are required to contribute a certain percentage of their covered payroll to the CPS to fund the benefits. The only obligation of the Group with respect to the CPS is to pay the ongoing required contributions under the CPS. Contributions under the CPS are charged to profit or loss as they become payable in accordance with the rules of the CPS.

Central provident fund

Subsidiaries in Singapore make contributions to the Central Provident Fund ("**CPF**") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The financial statements are presented in Singapore dollar, which is the Company's functional currency. 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. Differences arising on settlement of translation of monetary items 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 measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the Singapore dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Singapore dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Singapore dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated statement of profit or loss and other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Singapore dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Singapore dollars at the weighted average exchange rates for the year.

Contingencies

A contingent liability is:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

b) a present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the consolidated statement of financial position of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. 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 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:

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

(a) Revenue from sale of solar power station projects

Solar power station projects adopted the legal structure of a private limited liability company (a "special-purpose entity"), which was a subsidiary of the Group and was consolidated in the Group's consolidated financial statements since the Group obtained the control of the subsidiary. These special-purpose entities were set up solely for the purpose of constructing solar power stations for sale. Management intends to sell these solar power station projects at its initial recognition and construction of these projects. These solar power station projects under construction with the intention to sell are therefore determined to be in the Group's ordinary course of businesses. In the Group's consolidated financial statements, the solar power station projects under construction were accounted for as inventories held for sale in the ordinary course of business, while the other assets and liabilities pertaining to the respective special-purpose entities were accounted for as assets and liabilities, respectively, in the Group's consolidated statement of financial position.

In this regard, management considered that when the buyer acquired all the equity interest in a special-purpose entity, it would have effectively acquired the solar power station projects' inventories by taking over all the assets and assuming all the liabilities associated with the construction of the related solar power stations that belongs to the special-purpose entity. The revenue from the sale of solar power station projects is then measured at the fair value of the consideration payable by the buyer for the solar power station projects (i.e., total cash consideration payable by the buyer) assumed by the buyers through the acquisition of the equity interest of the special-purpose entity. At the same time, the related inventories are derecognised to the consolidated statement of profit or loss and other comprehensive income as the cost of sales of the sales transaction.

(b) Cash-generating unit for goodwill impairment

Goodwill arose from the acquisition of construction, operation and sale of solar power station projects segment ("Acquisition") in this year. Management is of the view that all these entities included in the construction, operation and sales of solar power station projects segment will benefit from the Acquisition and therefore it is proper to identify the whole construction, operation and sale of solar power station projects segment as a cash-generating unit for the impairment testing of goodwill.

(c) Interests in joint ventures

The Group holds a 50% equity interest in each of the joint ventures. The Group does not have unilateral control over these entities. However, the Group has joint control since there are only two shareholders in the entities 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 entities.

(d) Interests in an associate

The Group holds a 50% equity interest in the associate. The Group does not have unilateral control over these entities. The Group does not have joint control either since there are more than two shareholders in the associate. 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 associate.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(a) Construction contracts for provision of engineering services

The Group recognises contract revenue and contract costs from rending of electrical engineering service 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.

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$1,534,000 (2015: S$680,000) lower/higher.

(b) Impairment of non-financial assets (other than goodwill)

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 ventures and associate 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.

(c) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 30 June 2016 was S$57,354,883. Further details are given in Note 12 to the financial statements.

(d) 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.

4. SEGMENT INFORMATION

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

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

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

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

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

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

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

Year ended 30 June 2016	Engineering services S$	Solar power business S$	Total S$
Segment revenue:			
Sales to external customers	21,501,034	–	21,501,034
Segment results:	3,902,051	(6,085)	3,895,966
Unallocated gains			2,479,158
Corporate and other unallocated expenses			(1,803,132)
Profit before tax			4,571,992
Segment assets:	17,602,345	82,649,622	100,251,967
Corporate and other unallocated assets			14,143,385
Total assets			114,395,352
Segment liabilities:	7,120,956	15,239,137	22,360,093
Corporate and other unallocated liabilities			597,630
Total liabilities			22,957,273

4. SEGMENT INFORMATION (continued)

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

4. SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

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

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

(b) Non-current assets

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

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

Information about major customers

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

5. REVENUE

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

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

6. OTHER INCOME AND GAINS

	2016 S$	2015 S$
Foreign exchange differences	**169,205**	534,806
Bank interest income	**5,080**	34,671
Incentives from the Singapore Government *(note (1))*	**67,142**	40,875
Fair value gain on held-for-trading investments	**2,315,440**	–
Gain on disposal of property, plant and equipment	**2,415**	–
Others	**3,600**	3,600
	2,562,882	613,952

note:

(1) Incentives from the Singapore Government comprise special employment credit, temporary employment credit and wages credit scheme. There are no unfulfilled conditions or contingencies relating to these incentives.

7. FINANCE COSTS

An analysis of finance costs is as follows:

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

8. PROFIT BEFORE TAX

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

		2016 S$	2015 S$
(a)	Cost of services provided	18,479,236	8,192,581
	Auditors' remuneration	225,467	154,000
	Depreciation of plant and equipment *(Note 15)*	95,316	90,071
	Loss on plant and equipment written off	792	2,202
	(Gain)/loss on disposal of plant and equipment	(2,415)	10,036
	Minimum lease payments under operating leases	383,167	330,580
	Legal and professional expenses	354,688	206,329
	Employee benefits (Refer to (b) below)	4,503,097	3,398,871
(b)	Employee benefits (including Directors' remuneration):		
	– Directors' fees	211,048	85,000
	– Salaries, wages and bonuses	4,080,218	3,125,375
	– Pension scheme contributions	211,831	188,496
		4,503,097	3,398,871
(c)	Fair value gain on held-for-trading investments	(2,315,440)	–
	Fair value loss on profit guarantee receivable *(Note 19)*	642,877	–

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

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

Directors' and the chief executive's remuneration, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation, is as follows:

	2016 S$	2015 S$
Fees	211,048	85,000
Other remuneration:		
– Salaries and bonuses	218,241	383,182
– Pension scheme contributions	12,347	19,550
	441,636	487,732

(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$	Pension scheme contributions S$	Total S$
Year ended 30 June 2016				
Ng Wai Hung	31,267	–	–	31,267
Lam Kwan Yau Gilbert*	27,086	–	–	27,086
Leung Po Hon*	27,086	–	–	27,086
Wong Siew Chuan#	9,167	–	–	9,167
Ng Tiow Swee#	7,333	–	–	7,333
	101,939	–	–	101,939

* These directors were appointed on 13 November 2015.

\# These directors resigned on 13 November 2015.

9. DIRECTORS, CHIEF EXECUTIVE AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (continued)

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

(i) Independent non-executive directors (continued)

	Fees S$	Salaries and bonuses S$	Pension scheme contributions S$	Total S$
Year ended 30 June 2015				
Wong Siew Chuan	25,000	–	–	25,000
Ng Tiow Swee	20,000	–	–	20,000
Chen Jianyuan, Edwin*	18,333	–	–	18,333
Ng Wai Hung#	1,667	–	–	1,667
	65,000	–	–	65,000

* Mr. Chen Jianyuan, Edwin resigned on 1 June 2015.

\# Mr. Ng Wai Hung was appointed on 1 June 2015.

There were no other emoluments payable to the independent non-executive Directors during the year (2015: Nil).

(ii) Executive directors and non-executive directors

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

	Fees S$	**Salaries and bonuses S$**	**Pension scheme contributions S$**	**Total S$**
Year ended 30 June 2016				
Peng Rongwu *(Chairman)*	**67,149**	**8,241**	**3,507**	**78,897**
Yeo Jiew Yew *(Managing Director)*	**–**	**210,000**	**8,840**	**218,840**
Wong Kee Chung*	**10,693**	**–**	**–**	**10,693**
Tam Tak Wah	**31,267**	**–**	**–**	**31,267**
	109,109	**218,241**	**12,347**	**339,697**

* Mr. Wong Kee Chung was appointed on 9 May 2016.

9. DIRECTORS, CHIEF EXECUTIVE AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (continued)

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

(ii) Executive directors and non-executive directors (continued)

	Fees S$	Salaries and bonuses S$	Pension scheme contributions S$	Total S$
Year ended 30 June 2015				
Peng Rongwu *(Chairman)**	7,500	15,682	–	23,182
Yeo Jiew Yew *(Managing Director)*	–	210,000	9,750	219,750
Sim Yew Heng#	–	157,500	9,800	167,300
Tam Tak Wah	12,500	–	–	12,500
	20,000	383,182	19,550	422,732

* Mr Peng Rongwu was appointed as non-executive director on 17 November 2014, he was re-designated as executive director on 1 April 2015 and appointed as Chairman on 26 June 2015.

Mr. Sim Yew Heng resigned as non-executive director on 1 March 2015.

(b) Five highest paid employees

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

	2016	2015
Directors *(including Managing Director)*	**1**	1
Non-director employees	**4**	4
	5	5

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

9. DIRECTORS, CHIEF EXECUTIVE AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (continued)

(b) Five highest paid employees (continued)

The five highest paid employees during the year included one director (2015: one director), details of whose remuneration are set out in (a) above. Details of the remuneration for the year of the remaining four (2015: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2016 S$	2015 S$
Salaries and bonuses	531,776	498,200
Pension scheme contributions	45,106	45,801
	576,882	544,001

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

	2016	2015
Nil to HK$1,000,000	3	3
HK$1,000,001 to HK$1,500,000	1	1
	4	4

During the year, no emoluments (2015: 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 (2015: Nil) has waived any remuneration during the year.

10. INCOME TAX EXPENSE

The Company's profit is not subject to any tax in its country of incorporation, the Cayman Islands. Income tax expense for the Group relates mainly to the assessable profits arising in Hong Kong subject to 16.5% tax rate in Hong Kong and profits of the subsidiary in Singapore which were taxed at a statutory tax rate of 17%.

	2016 **S$**	2015 S$
Current – Singapore		
– Charge for the year	**250,563**	364,918
– Under-provision in respect of previous years	**4,206**	–
Current – Hong Kong	**319,664**	–
Deferred *(Note 25)*	**12,924**	9,035
Total tax charge for the year	**587,357**	373,953

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 subsidiaries 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:

	2016					
	Singapore S$	**%**	**Others S$**	**%**	**Total S$**	**%**
Profit before tax	**3,902,051**		**669,941**		**4,571,992**	
Taxation at statutory tax rate	**663,349**	**17.0**	**110,540**	**16.5–25**	**773,889**	**16.9**
Lower tax rate for specific local authority	**(80,431)**	**(2.1)**	**–**	**–**	**(80,431)**	**(1.8)**
Profit or loss attributable to results of joint ventures and an associate	**(323,736)**	**(8.3)**	**–**	**–**	**(323,736)**	**(7.1)**
Adjustments in respect of current tax of previous year	**4,206**	**0.1**	**–**	**–**	**4,206**	**0.1**
Income not subject to tax	**(410)**	**–**	**–**	**–**	**(410)**	**–**
Expense not deductible for tax	**4,715**	**0.1**	**18,138**	**2.7**	**22,853**	**0.5**
Tax loss not recognised	**–**	**–**	**190,986**	**28.5**	**190,986**	**4.2**
Tax charge at the Group's effective rates	**267,693**	**6.8**	**319,664**	**47.7**	**587,357**	**12.8**

10. INCOME TAX EXPENSE (continued)

	2015					
	Singapore		Others		Total	
	S$	%	S$	%	S$	%
Profit/(loss) before tax	4,304,818		(43,414)		4,261,404	
Taxation at statutory tax rate	731,819	17.0	(2,320)	5.3	729,499	17.1
Lower tax rate for specific local authority	(98,171)	(2.3)	–	–	(98,171)	(2.3)
Profit or loss attributable to results of joint ventures and an associate	(295,557)	(6.9)	–	–	(295,557)	(6.9)
Expenses not deductible for tax	31,612	0.7	2,320	(5.3)	33,932	0.8
Others	4,250	0.1	–	–	4,250	0.1
Tax charge at the Group's effective rates	373,953	8.7	–	–	373,953	8.8

The share of tax attributable to the joint ventures and an associate amounting to S$323,736 (2015: S$250,021) and Nil (2015: S$45,536) is included in "share of results of joint ventures" and "share of results of an associate" in the consolidated statement of profit or loss and other comprehensive income respectively.

11. EARNINGS PER SHARE

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

The calculation of basic earnings per share is based on:

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

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

12. GOODWILL

	S$
Acquisition of subsidiaries at 27 May 2016 *(Note 28)*	58,365,557
Exchange realignment	(1,010,674)
Cost and net carrying amount at 30 June 2016	57,354,883

Impairment testing of goodwill

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

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

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

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

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

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

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

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

13. INTERESTS IN JOINT VENTURES

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

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

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

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

13. INTERESTS IN JOINT VENTURES (continued)

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

	2016 **S$**	2015 S$
Joint venture's assets and liabilities:		
Cash and cash equivalents	**5,346,727**	687,757
Other current assets	**5,390,796**	5,415,346
Current assets	**10,737,523**	6,103,103
Non-current assets	**1,986,435**	1,824,662
Current liabilities	**(4,714,653)**	(3,313,549)
Non-current liabilities	**(38,405)**	(30,074)
Net assets	**7,970,900**	4,584,142
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**50%**	50%
Carrying amount of the investment	**3,985,450**	2,292,071
Revenue	**24,721,047**	18,838,002
Profit and other comprehensive income for the year	**3,386,758**	2,941,428
– Depreciation	**(176,422)**	(130,248)
– Income tax expense	**(600,483)**	(524,777)
Dividend received	**–**	640,000

13. INTERESTS IN JOINT VENTURES (continued)

NEK 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 NEK reconciled to the carrying amount in the financial statements:

	2016 S$	2015 S$
Joint venture's assets and liabilities:		
Cash and cash equivalents	326,509	242,834
Other current assets	2,086,991	997,765
Current assets	2,413,500	1,240,599
Non-current assets	610,042	191,041
Financial liabilities, excluding trade and other payables	(22,174)	(8,574)
Other current liabilities	(1,688,473)	(216,633)
Current liabilities	(1,710,647)	(225,207)
Non-current financial liabilities, excluding trade and other payables	(83,899)	(47,139)
Other non-current liabilities	(7,222)	(7,484)
Non-current liabilities	(91,121)	(54,623)
Net assets	1,221,774	1,151,810
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	610,887	575,905
Revenue	5,725,129	1,248,909
Profit and other comprehensive income for the year*	669,964	94,082
– Income tax expense	(84,915)	(18,707)
Dividend received#	300,000	25,000

* The share of results of NEK for the year ended 30 June 2015 is presented under the line "share of results of an associate" in the consolidated statement of profit and loss and other comprehensive income as the reclassification of NEK from an associate to a joint venture occurred in June 2015.

\# NEK had declared and paid an interim dividend amounting to S$600,000 (2015: S$50,000) to its shareholders during the year. Strike Singapore had received dividend amounting to S$300,000 during the year (2015: $25,000).

14. INTERESTS IN AN ASSOCIATE

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

Particulars of the associate are as follows:

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

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

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

	2016 S$	2015 S$
Current assets	1,891,057	2,056,897
Non-current assets	242,023	156,689
Current liabilities	(1,235,978)	(1,107,300)
Non-current liabilities	–	(22,970)
Net assets	897,102	1,083,316
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	448,551	541,658
Revenue	3,230,950	7,814,034
(Loss)/profit and other comprehensive (expense)/income for the year	(236,214)	441,633

15. PLANT AND EQUIPMENT

	Leasehold improvement S$	Computer S$	Motor vehicles S$	Office and site equipment S$	Total S$
Group					
Cost:					
At 1 July 2014	–	24,098	168,768	68,871	261,737
Additions	–	8,801	354,492	36,692	399,985
Disposals	–	–	(35,267)	–	(35,267)
Write-off	–	–	(17,000)	(1,156)	(18,156)
At 30 June 2015 and 1 July 2015	–	32,899	470,993	104,407	608,299
Additions	85,144	–	45,083	90,861	221,088
Disposals	–	–	(33,000)	–	(33,000)
Write-off	–	–	–	(1,000)	(1,000)
Exchange realignment	–	–	–	(15)	(15)
At 30 June 2016	85,144	32,899	483,076	194,253	795,372
Accumulated depreciation:					
At 1 July 2014	–	14,825	124,417	27,153	166,395
Charge for the year	–	5,229	73,725	11,117	90,071
Disposals	–	–	(22,725)	–	(22,725)
Write-off	–	–	(15,111)	(843)	(15,954)
At 30 June 2015 and 1 July 2015	–	20,054	160,306	37,427	217,787
Charge for the year	–	4,319	69,369	21,628	95,316
Disposals	–	–	(33,000)	–	(33,000)
Write-off	–	–	–	(208)	(208)
At 30 June 2016	–	24,373	196,675	58,847	279,895
Net carrying value:					
At 30 June 2016	85,144	8,526	286,401	135,406	515,477
At 30 June 2015	–	12,845	310,687	66,980	390,512

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

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

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

17. INVENTORIES

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

18. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

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

18. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES (continued)

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

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

Trade receivables

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

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

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

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

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

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

19. PROFIT GUARANTEE RECEIVABLE

	S$
Profit guarantee receivable recognised at acquisition date of 27 May 2016 *(Note 28)*	**9,592,654**
Fair value loss on profit guarantee receivable *(Note 8(c))*	**(642,877)**
	8,949,777

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

20 PREPAYMENTS

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

At 30 June 2016, the Group's prepayments with a carrying amount of $6,698,630 (2015: Nil) to purchase the raw materials were pledged as security for the Group's interest-bearing borrowings as further detailed in Note 24 to the financial statements.

21. HELD-FOR-TRADING INVESTMENTS

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

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

21. HELD-FOR-TRADING INVESTMENTS (continued)

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

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

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

22. CASH AND CASH EQUIVALENTS

	2016 S$	2015 S$
Cash at banks and on hand	**12,672,201**	17,628,754

Cash at banks earns interest at floating rates based on daily bank deposit rates.

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

	2016 S$	2015 S$
HK$	**8,167,101**	16,347,095
Renminbi	**736,576**	–
US$	**37,156**	–

23. TRADE AND OTHER PAYABLES

	2016 S$	2015 S$
Trade payables:		
Third parties	1,019,300	927,344
Amounts due to a related company	–	9,309
	1,019,300	936,653
Accruals for project costs	5,337,512	2,477,899
Other payables:		
Promissory notes payable *(Note 28)*	6,022,421	–
Accrued liabilities	511,159	379,462
GST payable	238,268	62,788
Due to related parties *(Note 29(b))*	1,565,541	–
Others	77,557	–
	8,414,946	442,250
Total	14,771,758	3,856,802

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

Trade payables/other payables

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

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

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

24. INTEREST-BEARING BORROWINGS

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

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

Notes:

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

25. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the year are as follows:

	Depreciation allowance in excess of related depreciation S$	**Fair value adjustments arising from acquisition of subsidiaries** S$	**Total** S$
At 1 July 2014	16,208	–	16,208
Charged to profit or loss during the year *(Note 10)*	9,035	–	9,035
At 30 June 2015 and 1 July 2015	25,243	–	25,243
Charged to profit or loss during the year *(Note 10)*	12,924	–	12,924
Recognised during the acquisition *(Note 28)*	–	792,834	792,834
Exchange realignment	–	(35,686)	(35,686)
At 30 June 2016	38,167	757,148	795,315

26. SHARE CAPITAL

Shares

	2016 S$	2015 S$
Issued and fully paid:		
760,000,000 (2015: 640,000,000) ordinary shares of HK$0.01 each (2015: HK$0.01 each)	**1,261,436**	1,048,880

27. RESERVES

A summary of movements in the Company's share premium is as follows:

	Number of shares in issue	Issued share capital S$	Share premium S$	Total S$
At 1 July 2014, 30 June 2015 and 1 July 2015	640,000,000	1,048,880	12,366,974	13,415,854
Shares issued for acquisition of subsidiaries *(note)*	120,000,000	212,556	64,617,037	64,829,593
At 30 June 2016	760,000,000	1,261,436	76,984,011	78,245,447

note:

On 27 May 2016, the Company issued 120,000,000 new ordinary shares, at a price of HK$3.05 per share, being the closing price of the Company's share at the date of acquisition of subsidiaries (Note 28).

The amounts of the Group's reserves and the movements therein for the current and prior years are set out in the consolidated statement of changes in equity.

28. BUSINESS COMBINATION

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

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

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

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

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

* The unofficial English transliterations are for identification purposes only.

28. BUSINESS COMBINATION (continued)

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

	Fair value recognised on acquisition S$
Inventories – materials	289,342
Inventories – contracts	3,171,335
Prepayments	6,891,170
Cash and bank equivalents	351,580
Deferred tax liabilities *(Note 25)*	(792,834)
Interest-bearing borrowings	(7,141,883)
Trade and other payables	(183,251)
Total acquired identifiable net assets at fair value	2,585,459
Non-controlling interests	(1,034,184)
Goodwill on acquisition *(Note 12)*	58,365,557
	59,916,832
Consideration:	
Paid in cash	3,542,601
Issued shares *(Note 27 and note (a))*	64,829,593
Promissory notes payable	6,022,421
Fair value of consideration	74,394,615
Fair value of profit guarantee receivable *(note 19)*	(9,592,654)
Prepayments for acquisitions of subsidiaries *(note (b))*	(4,885,129)
	59,916,832

notes:

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

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

28. BUSINESS COMBINATION (continued)

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

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

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

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

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

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

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

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

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

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

29. RELATED PARTY TRANSACTIONS

(a) 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	2016 S$	2015 S$
Sub-contractor fees charged by			
– joint ventures	*(i)*	**1,690,390**	1,344,343
– an associate	*(i)*	**877,053**	4,300,895
Operating expenses recharged by a related company	*(ii)*	**8,660**	–
Rental expenses charged by a related company	*(iii)*	**196,080**	114,000
Secretarial fees charged to			
– joint ventures	*(iv)*	**2,400**	1,200
– an associate	*(iv)*	**1,200**	2,400
Sales of materials charged by joint ventures	*(v)*	**5,224**	3,415
Purchases of equipment and raw materials from a related company	*(vi)*	**64,229**	23,200

notes:

(i) During the year, Strike Singapore had subcontracted some electrical engineering works to the joint ventures and an associate.

(ii) Operating expenses recharged by a related company mainly referred 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 Victrad with reference to the rates of other similar premises.

(iv) During the year, Strike Singapore provided secretarial services to the joint ventures and an associate.

(v) During the year, Strike Singapore purchased materials from the joint ventures.

(vi) During the year, Strike Singapore purchased equipment and raw materials from a related company, of which one of the directors of the related company is a director.

29. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties:

	Notes	2016 S$	2015 S$
Due to an individual shareholder	*(i)*	**164,919**	–
Due to a key management personnel	*(ii)*	**487,173**	–
Due to a related company	*(iii)*	**913,449**	–
Total		**1,565,541**	–

Notes:

(i) The Group had an outstanding balance due to its individual shareholder, who became a substantial shareholder of the Company after the completion of the acquisition of Kahuer Group, of S$164,919 (2015: Nil) as at the end of the reporting period.

(ii) The Group had an outstanding balance due to the general manager of Kahuer Group, who became a key management personnel of the Group, of S$487,173 (2015: Nil) as at the end of the reporting period.

(iii) The Group has an outstanding balance due to Tianjin Kaihe Dianli Keji Limited ("**Tianjin Keji**"), a company controlled by a key management personnel of the Kahuer Group, of S$913,449 as at the end of the reporting period (2015: Nil). Tianjin Keji made a payment to a supplier of the Group on behalf of the Group and the Group pledged 45% shares of Xuyi Shengneng to the supplier.

These balances are unsecured, interest-free and have no fixed terms of repayment.

(c) Commitment with related parties

(i) On 1 August 2013, Strike Singapore entered into a two-year agreement with Victrad, for the lease of the office premises. The lease expired on 31 July 2015 and extended for another year to 31 July 2016. On 14 July 2016, the agreement was extended for a further 12 months commencing on 1 August 2016 to 31 July 2017.

(ii) On 1 October 2015, Strike Singapore entered into a one-year agreement with Victrad for the lease of workers dormitory units. The lease expired on 30 September 2016. On 13 September 2016, the agreement was extended for a further 12 months commencing on 1 October 2016 to 30 September 2017.

(iii) The amount of total rental expenses charged by Victrad during the year is included in Note 29(a)(iii) to the financial statements. The operating lease commitments in respect of the above leases as at the balance sheet date amounted to S$36,860.

29. RELATED PARTY TRANSACTIONS (continued)

(d) Compensation of key management personnel of the Group

	2016 S$	2015 S$
Directors' fees	211,048	85,000
Salaries and bonuses	744,091	767,557
Pension scheme contributions	72,002	66,236
	1,027,141	918,793
Comprise amounts paid to:		
Directors of the Company	441,636	487,732
Key management personnel	585,505	431,061
	1,027,141	918,793
Related parties		
Remuneration paid to close family members of key management personnel	9,223	52,967

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

During the year, the Group entered into a business combination and issued 120,000,000 ordinary shares at a closing price of HK$3.05 each at the acquisition date as part of the consideration for the acquisition (see Note 28).

31. CONTINGENT LIABILITIES

As at the end of the year, the contingent liabilities not provided for in the financial statements were as follows:

	2016 **S$**	2015 S$
Guarantees:		
Security bonds to the Singapore Government in relation to foreign workers	**730,000**	655,000

As required by the Singapore Government for each foreign worker hired, companies must submit a security bond of S$5,000 to the Controller of Work Passes, a government authority in managing foreign employment. During the 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. As at 30 June 2016, the guarantees provided by the Insurer was S$730,000 (2015: S$655,000).

32. PLEDGE OF ASSETS

Details of the pledge of the Group's assets in respect of the interest-bearing borrowings, and other payable balance are included in Notes 1, 20 and 29(b)(iii), to the financial statements.

33. OPERATING LEASE ARRANGEMENTS

As a lessee:

The Group leases certain of its office premises and worker dormitories under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 3 years.

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

	2016 **S$**	2015 S$
Amount payable within 1 year	**341,623**	164,584
Amount payable within 1 year to 3 years	**515,811**	9,500
	857,434	174,084

34. 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:

2016

Financial assets

	Financial assets at fair value through profit of loss			
	Designated as such upon initial recognition S$	Held for trading S$	Loans and receivables S$	Total S$
Held-for-trading investments	–	5,756,891	–	5,756,891
Trade receivables, deposits and other receivables	–	–	5,996,288	5,996,288
Profit guarantee receivable	8,949,777	–	–	8,949,777
Cash and cash equivalents	–	–	12,672,201	12,672,201
	8,949,777	5,756,891	18,668,489	33,375,157

Financial liabilities

	Financial liabilities at amortised cost S$
Trade and other payables (excluding GST payable and accrued liabilities)	14,022,331
Interest-bearing other borrowings	6,820,423
	20,842,754

34. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2015

Financial assets

	Total S$
Trade receivables, deposits and other receivables	3,368,373
Cash and cash equivalents	17,628,754
	20,997,127

Financial liabilities

	Financial liabilities at amortized cost S$
Trade and other payables (excluding GST payable and accrued liabilities)	3,414,552

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The fair value of interest-bearing borrowings have been calculated by discounting the expected future cash flow using rates currently available for instrument for similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing borrowings as at 30 June 2016 was assessed to be insignificant.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the management and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the management. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of listed equity investments are based on quoted market prices.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

As at 30 June 2016

	Fair value measurement using			
	Quoted prices in active markets (Level 1) S$	Significant observable inputs (Level 2) S$	Significant unobservable inputs (Level 3) S$	Total S$
Equity investments at fair value through profit or loss				
– Held-for-trading investment	5,756,891	–	–	5,756,891
Profit guarantee receivable	–	–	8,949,777	8,949,777
	5,756,891	–	8,949,777	14,706,668

The Group did not have any financial liabilities measured at fair value as at 30 June 2016 and financial assets nor liabilities measured at fair value as at 30 June 2015.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2015: Nil).

The Group's principal financial instruments comprise cash and bank balances and interest-bearing borrowings. 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.

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

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk

The Group has transactional exposures. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in exchange rates (against S$), with all other variables held constant, on the Group's profit before tax for the year:

	2016 Increase/ (decrease) in profit before tax S$	2015 Increase/ (decrease) in profit before tax S$
HK$ – strengthened 5% (2015: 5%)	**408,355**	817,355
– weakened 5% (2015: 5%)	**(408,355)**	(817,355)
US$ – strengthened 5% (2015: Nil)	**1,858**	–
– weakened 5% (2015: Nil)	**(1,858)**	–
Renminbi – strengthened 5% (2015: Nil)	**36,829**	–
– weakened 5% (2015: Nil)	**(36,829)**	–

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 maturity profile of the Group's trade and other payables at the end of the reporting period based on the contractual undiscounted repayment obligations are all within one year, while the maturity of interest-bearing borrowings are within two years.

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as held for trading equity investment (Note 21) as at 30 June 2016. The Group's listed investments are listed on the Hong Kong stock exchange and are valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchange, at the close of business of the nearest trading day in the year to the end of the reporting period, and its highest and lowest points during the year were as follows:

	30 June 2016	High/low 2016
Hong Kong – Hang Seng Index	**20,794**	26,459/18,279

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk (continued)

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount of equity investments S$	Increase/ (decrease) in profit before tax S$	Increase/ (decrease) in equity* S$
2016			
Investments listed in:			
Hong Kong – Held-for-trading	5,756,891	287,845	–

* Excluding retained profits

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 89% (2015: 100%) of the Group's trade receivables were due from the top 2 (2015: top 2) 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.

Information regarding financial assets that are either past due or impaired is disclosed in Note 18 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 ended 30 June 2016 and 30 June 2015.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

The Group monitors capital using a gearing ratio, which is net debt/cash divided by equity attributable to owners of parent. Net debt/cash includes interest-bearing borrowings and trade and other payables, less cash and cash equivalents. The Group seeks to maintain a sustainable gearing ratio to meet its existing requirements. The gearing ratios at the end of the reporting periods are as follows:

	2016 **S$**	2015 S$
Interest-bearing borrowings	**6,820,423**	–
Trade and other payables	**14,771,758**	3,856,802
Less: Cash and cash equivalents	**(12,672,201)**	(17,628,754)
Net debt/(cash)	**8,919,980**	(13,771,952)
Equity attributable to owners of the parent	**90,401,011**	23,087,762
Capital and net debt	**99,320,991**	9,315,810
Gearing ratio	**9%**	N/A

37. EVENTS AFTER THE REPORTING PERIOD

On 22 August 2016, the Group obtained borrowing amounting to RMB50,000,000 (equivalent to S$10,149,439) from a finance leasing company in the PRC, which is used for financing the purchases of raw materials by the Group. The borrowings bear interest at 8% per annum, are repayable in 2 years. The borrowings are secured by the raw materials to be purchased by the Group according to the sales and purchase agreement entered into by the Group with its supplier, and 65% shares of Zhenjiang Kaihe. In addition, the borrowings are guaranteed by a customer of a subsidiary and an individual shareholder of Eternal Green.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2016 S$	2015 S$
NON-CURRENT ASSETS		
Investments in subsidiaries	3,820,003	3,749,648
Amount due from subsidiaries	77,109,379	85,676
Total non-current assets	80,929,382	3,835,324
CURRENT ASSETS		
Prepayments	25,884	26,827
Cash and cash equivalents	7,919,803	16,267,633
Total current assets	7,945,687	16,294,460
CURRENT LIABILITY		
Other payables	6,254,973	125,325
Total current liability	6,254,973	125,325
NET CURRENT ASSETS	1,690,714	16,169,135
Net assets	82,620,096	20,004,459
EQUITY		
Share capital	1,261,436	1,048,880
Share premium	76,984,011	12,366,974
Retained profits	4,374,649	6,588,605
Net assets	82,620,096	20,004,459

Peng Rongwu
Director

Wong Kee Chung
Director

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

A summary of the Company's reserves is as follows:

	Share capital S$	Share premium S$	Retained profits S$	Total equity S$
At 1 July 2014	1,048,880	12,366,974	(2,298,742)	11,117,112
Profit and total comprehensive income for the year	–	–	8,887,347	8,887,347
At 30 June 2015 and 1 July 2015	1,048,880	12,366,974	6,588,605	20,004,459
Loss and total comprehensive loss for the year	–	–	(2,213,956)	(2,213,956)
Issuance of shares	212,556	64,617,037	–	64,829,593
At 30 June 2016	1,261,436	76,984,011	4,374,649	82,620,096

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Directors on 20 December 2016.

Five Year Financial Summary

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

	2016 S$	2015 S$	2014 S$	2013 S$	2012 S$
Revenue	**21,501,034**	11,826,488	22,628,298	18,660,508	15,609,071
Cost of sales	**(18,479,236)**	(8,192,581)	(13,515,642)	(10,376,929)	(10,556,584)
Gross profit	**3,021,798**	3,633,907	9,112,656	8,283,579	5,052,487
Other income and gains	**2,562,882**	613,952	51,447	45,513	47,116
Administrative expenses	**(1,985,768)**	(1,417,087)	(2,771,721)	(1,273,041)	(878,315)
Other expenses	**(898,060)**	(307,682)	(292,496)	(87,832)	(98,862)
Finance costs	**(39,114)**	(258)	(2,568)	(620)	(82)
Share of result of joint ventures	**2,028,361**	1,470,714	499,930	579,104	130,590
Shares of results of an associate	**(118,107)**	267,858	426,059	195,920	27,726
Profit before tax	**4,571,992**	4,261,404	7,023,307	7,742,623	4,280,660
Income tax expense	**(587,357)**	(373,953)	(1,276,038)	(1,201,053)	(611,092)
Profit for the year and other comprehensive income for the year	**3,984,635**	3,887,451	5,747,269	6,541,570	3,669,568
Attributable to owners of the Company	**3,982,201**	3,887,451	5,747,269	6,541,570	3,669,568
Non-controlling interests	**2,434**	–	–	–	–
	3,984,635	3,887,451	5,747,269	6,541,570	3,669,568
Assets and liabilities:					
Total assets	**114,395,352**	27,334,725	27,243,334	19,714,399	22,560,898
Total liabilities	**(22,957,723)**	(4,246,963)	(8,043,023)	(15,927,564)	(17,161,633)
Total equity	**91,437,629**	23,087,762	19,200,311	3,786,835	5,399,265
Equity attributable owners of the Company	**90,401,011**	23,087,762	19,200,311	3,786,835	5,399,265
Non-controlling interests	**1,036,618**	–	–	–	–
	91,437,629	23,087,762	19,200,311	3,786,835	5,399,265