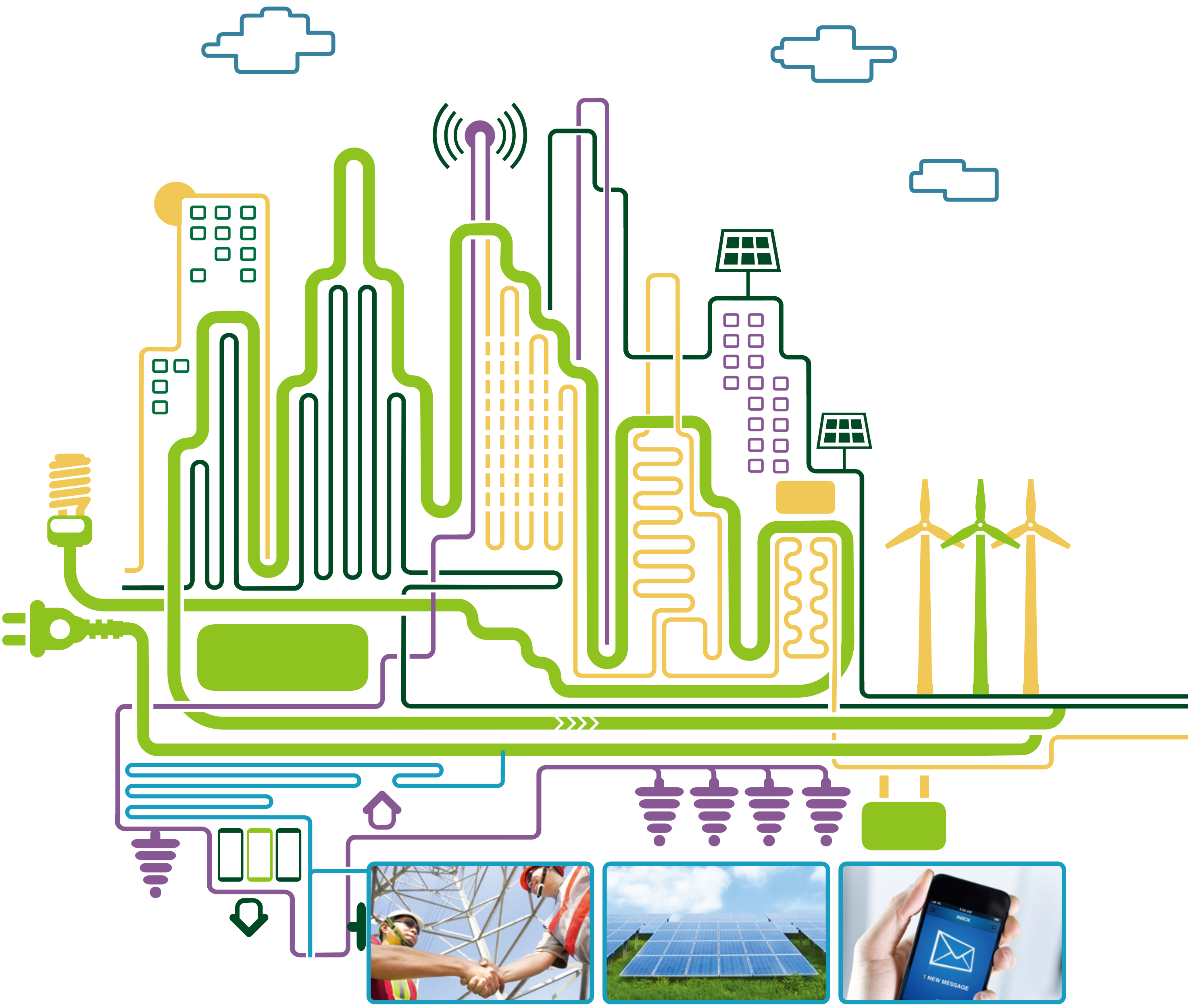
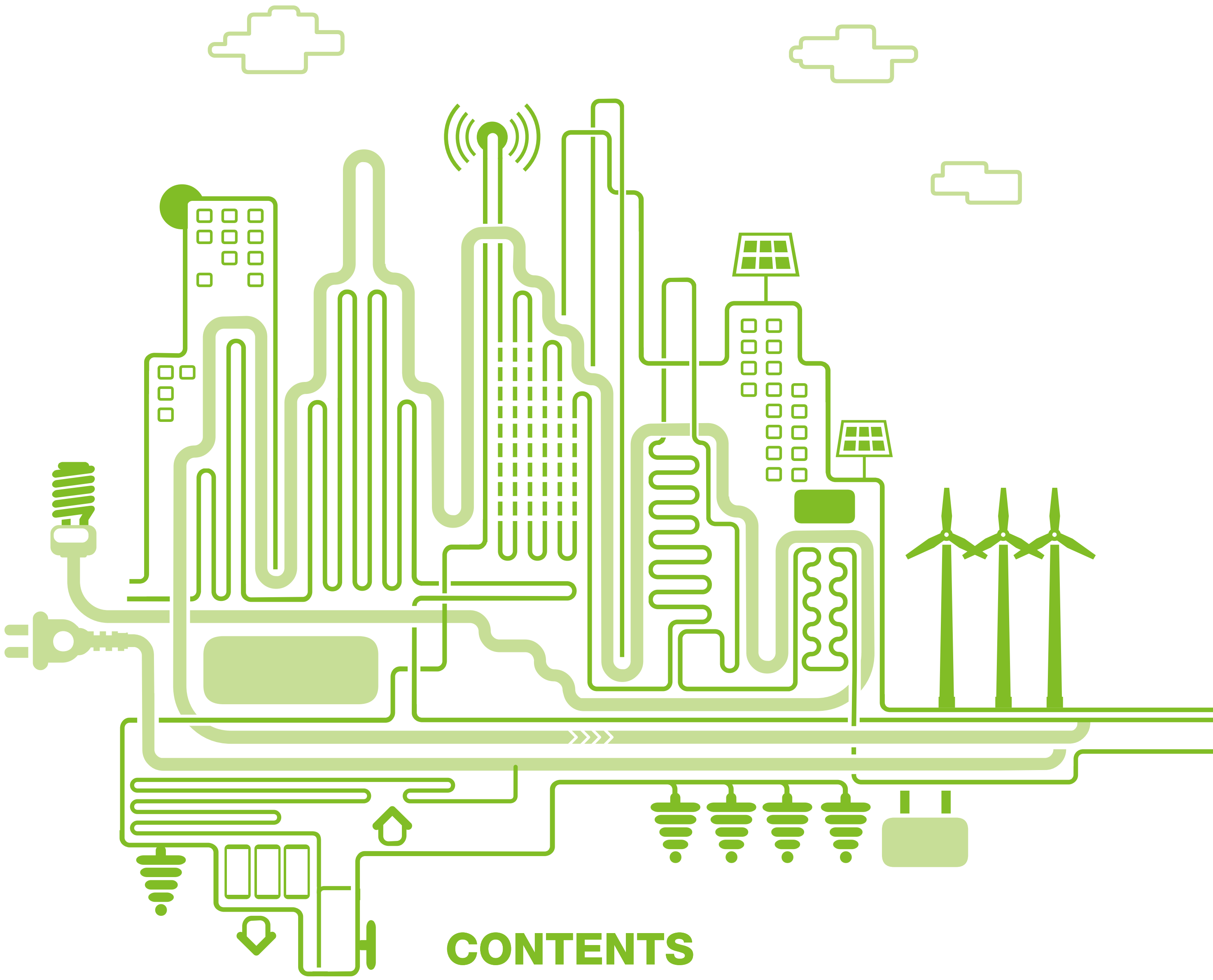
KINGBO STRIKE LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1421



ANNUAL REPORT 2017/2018



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Yancheng *(Chairman)*
Mr. Yao Runxiong *(Appointed on 25 October 2017)*
Mr. Liu Xinsheng *(Resigned on 23 October 2018)*
Mr. Peng Rongwu *(Resigned on 7 August 2018)*

Non-executive Director

Mr. Tam Tak Wah

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

Mr. Leung Po Hon *(Chairman)*
Mr. Li Jin
Mr. Liu Xinsheng *(Resigned on 23 October 2018)*
Dr. Luo Xiaodong
Mr. Tam Tak Wah

AUDITORS

HLB Hodgson Impey Cheng Limited
31/F, Gloucester Tower
The Landmark
11 Pedder Street, 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
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1011, 10th Floor
Wing On Centre
111 Connaught 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. Liu Xinsheng *(Resigned on 23 October 2018)*
Mr. Li Chi Chung, Solicitor, Hong Kong
Mr. Yao Runxiong *(Appointed on 23 October 2018)*

WEBSITE OF THE COMPANY

www.kingbostrike.com

Chairman Statement

BUSINESS OVERVIEW

The solar power business and electrical engineering service continued to be the main revenue stream for Kingbo Strike Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"). During the year, the Group had commenced trading of consumer products and accessories ("**trading business**"). For the financial year ended 30 June 2018, the Group recorded an increase in its total revenue, which was the combined effect of the increase in revenue generated from the solar power business, decrease in revenue from electrical engineering services in Singapore and the contribution from trading business. With low profit margin of the Group's solar power business in the People's Republic of China ("**PRC**") and dilution effect from low profit margin from the trading business, the Group recorded a decrease in its overall gross profit margin.

During the year, the solar power business has transformed into supply and installation of solar photovoltaic parts and equipment. The Group has recognized a revenue of approximately RMB211.5 million (equivalent to approximately S$43.3 million) (2017: RMB160.4 million, approximately S$32.6 million) from the solar power business for the financial year ended 30 June 2018.

Although the growth in revenue of solar power business is noted for the year, the photovoltaic market in the PRC has experienced a sudden change after the release of the "2018年光伏發電有關事項的通知" (2018 Photovoltaic Power Generation Notice) dated 31 May 2018 (the "**Notice**") by the China National Development and Reform Commission, the Ministry of Finance and the National Energy Administration. This may cause substantial drop in demand in different photovoltaic products and components along the value chain and affect the operating performance of the Company in the coming financial year.

Liu Yancheng
Chairman

Management Discussion and Analysis

BUSINESS REVIEW

During the financial year ended 30 June 2018, the performance of the Group in different business line were as follows:

Solar Power Business

The Group commenced the business of construction, operation and sale of solar power station projects in the PRC through the acquisition of 60% equity interest (the "**Acquisition**") in Kahuer Holding Co., Limited ("**Kahuer**") and its subsidiaries (together referred to as the "**Kahuer Group**"), which was completed on 27 May 2016, at a consideration of HK$450,000,000.

During the year, the solar power business has transformed into supply and installation of solar photovoltaic parts and equipment. The Group has recognized a revenue of approximately S$43.3 million from the solar power business for the financial year ended 30 June 2018 (2017: S$32.6 million).

Electrical Engineering Services

For the financial year ended 30 June 2018, the electrical engineering services in Singapore recorded a revenue of approximately S$14.6 million, which represents a decrease of approximately 41.6% over that of approximately S$25.0 million for the financial year ended 30 June 2017. This is mainly attributable to a lower percentage of work completed in projects towards completion during the financial year ended 30 June 2018.

During the financial year ended 30 June 2018, the Group completed 2 projects (2017: 3 projects), all of which (2017: all) are public residential projects. Due to keen competition in the market, the Group did not secured new projects in the financial year ended 30 June 2018 (2017: nil).) As at 30 June 2018, the value of the outstanding contracts to be completed was approximately S$1.0 million (2017: S$15.6 million) and all the 4 contracts on hand (2017: 6) were related to public residential projects.

Consumer Products and Accessories

In line with the corporate strategy for further fostering the revenue and diversifying the revenue base, the Group commenced trading of consumer products and accessories since November 2017. The Group recorded a revenue of approximately S$10.4 million for this segment during the financial year ended 30 June 2018.

DETAILS OF THE DISCLAIMER OF OPINION

The issuance of the Disclaimer of Opinion ("**Disclaimer Opinion**") by the auditors of the Company ("**Auditors**") was the result of principally two audit issues which arose out of the transactions relating to the acquisition of 60% interest in Kahuer Holding Co., Limited ("**Kahuer**") and its subsidiaries ("**Kahuer Group**") in May 2016 ("**Acquisition**"), which were explained by the Auditors in the Independent Auditors' Reports included in the annual reports of the Company for the years ended 30 June 2016 ("**2016 Annual Report**") 30 June 2017 ("**2017 Annual Report**"):

Reasonableness of the Forecast

As set out in the Independent Auditors' Report in the 2016 Annual Report, a cash flow forecast of the Kahuer Group projects based on financial budgets covering a five-year period ("**Forecast**") was used 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.

At the material time, Kahuer Group was newly-set up and established for less than a year. For this reason, the Auditors were of the view that as there were no sufficient historical information and supporting documents to back up the inputs and assumptions used in the preparation of the Forecast, and in the absence of other reliable data available from other sources, they were unable to evaluate the reasonableness of the Forecast, and in their view this might affect the fair value of (1) the identifiable assets and liabilities of the Kahuer Group reported in the consolidated financial statements; (2) the profit guarantee receivable; (3) gain on settlement of prepayments for acquisition of subsidiaries and (4) gain on disposal of subsidiaries. Consequently, the Auditors are of the view that the relevant opening balances as of 1 July 2017, and hence the reported financial performance for the year ended 30 June 2018 and closing balances as of 30 June 2018, might require adjustments.

Impairment loss of goodwill

As disclosed in the 2017 Annual Report, the Auditors disclaimed their opinion on the Company's recognition of goodwill impairment loss by reason of (1) the issue relating to the Forecast and (2) they considered that they were unable to satisfy themselves that certain key assumptions adopted in the valuation of the value in use of the cash generating unit which was used for impairment testing were reasonable and supportable.

For the above reasons, it is the Auditors' view that adjustments may potentially be required in respect of the allocation of the total amount of goodwill impairment loss for the Acquisition which were recognized.

Notwithstanding the above, the Company would emphasize that the Auditors were satisfied that the relevant recoverable amount of goodwill as at 30 June 2018 was free of material misstatement and fairly stated. In the circumstances, the Company expects that disclaimer relating to the Auditors' opinion on this issue will be removed in the next year's audit except for the effect on comparability of corresponding figures.

Action taken by the Board to address the Disclaimer Opinion

By the reason of action taken by the Board mentioned in the 2017 Annual report, and with the relevant supporting documents and information related to the recoverable amount of the goodwill as at 30 June 2018 (i.e. historical operational data for the year ended 30 June 2018) which were provided to the Auditors, the Auditors were satisfied that the recoverable amount of goodwill as of 30 June 2018 was free of material misstatement. There is no disclaimer or otherwise any qualification on this. Further, as mentioned above, the Company expects that qualification relating to impairment loss of goodwill will be removed in the next year's audit.

In respect of the Auditors' qualifications of the opening balances and corresponding figures in relation to the Acquisition, the Company expects that the qualifications concerning the corresponding figures would continue to apply in the subsequent financial year. This is because in the Auditors' view, the possible effects on the comparability of the current year's figures and the corresponding figures in the subsequent financial year's consolidated financial statements of the Group could be material, the Company is not in the position to rectify the situation.

Management & Audit Committee's View towards the qualifications

Both the board of directors and the audit committee of the Company agreed with the Auditors' view as the consolidated financial statements of the Group for the financial year ended 30 June 2018. As set out above, the audit qualifications were caused by the issues identified above, and those issues are not addressable since they relate to historical events.

The Company would like to take this opportunity to reiterate that it has been (1) closely monitoring the business of the Kahuer Group and (2) providing full support to the Auditors, and this led to the Auditors removing its qualification on the closing balance of the recoverable amount of goodwill as of 30 June 2018.

As mentioned above, the Company expects that, save for the scope limitation relating to impairment loss of goodwill, the Auditors will continue to take issue with the relevant opening balances and corresponding figures in the upcoming financial year. Having said that, it is the Company's understanding that, since the Auditors were satisfied that the closing balance of the relevant recoverable amount of goodwill as at 30 June 2018 was fairly stated and free from material misstatement, in the absence of audit issues (other than those identified in the Independent Auditors' Report), the Auditors expect that they would only qualify their opinion on the Group's consolidated financial statements for the financial year ending on 30 June 2019.

In this regard, the Company will continue to closely monitor the operation of the Kahuer Group and to provide full support to the Auditors.

IMPAIRMENT ASSESSMENT OF GOODWILL

The Company considers that, in order to address the issues raised by the auditors, the Board has been using its best endeavours to develop the business of the Kahuer Group as planned and working closely with the Auditors with a view to enabling them to evaluate the Forecast of the Kahuer Group. The Board will continue to follow up the issues closely with the Auditors and keep them updated as to the development of the business of the Kahuer Group.

As mentioned by the Company in the announcement dated 2 August 2017, the goodwill generated from the Acquisition was allocated to construction, operation and sale of solar power station projects cash generating unit ("**CGU**").

The Company expected that income would be generated from the CGU from the engineering, procurement and constructions of solar power stations in the PRC (the "**EPC Segment**"), and a number of non-binding framework agreements for solar power stations to be developed by the Group were entered into with potential buyers.

Notwithstanding the above, there was adverse change in the demand for the construction and development of solar power stations, and starting from April 2017, the Company was informed by a small number of potential buyers that they would not proceed further with the abovementioned transactions which indicated that the expected revenue to be generated from the CGU may be affected and reduced. In the circumstances and in light of the opinion given by Asset Appraisal Limited, the independent valuer engaged by the Company, on the recoverable amount of the CGU, a provision for the Impairment was made by the Company.

The Company considers that the provision for the impairment was made based on the principle of prudence, and provided a full, true and fair reflection of the financial position of the Group and the value of its assets as at 30 June 2018 and 30 June 2017. The Company also considers that the said provision for impairment is in line with the relevant provision of international accounting standards and the Company's accounting policies to reflect the fair value of the Company's assets, and to ensure the proper operation of the Company.

The valuers adopted the discounted cash flow model when determining the value in use of the CGU at the relevant time. Details regarding the methodology and key inputs for the impairment assessment as of 30 June 2018 and 30 June 2017 are set out in note 12 to the consolidated financial statements, which are summarized below:

Valuation of the Kahuer Group as at 30 June 2018

The pre-tax discount rate applied to the cash flow projections is 21.89%. The projected sales for the forecasted was prepared base on (i) budgeted sales for the year ended 30 June 2019; and (ii) prudent annualised growth rate of 3% per year for the year ended 30 June 2020 to year ended 30 June 2022.

The relevant key figures used to determine the value in use of the CGU are as follows:

Below is a table setting out the changes made to the relevant inputs used the valuers for calculating the recoverable amount of the CGU at the relevant time and the relevant assumptions respectfully adopted.

Input	2017 valuation	2018 valuation	Reasons for change
Risk free rate used for calculation of pre-tax discount rate	3.57%	**3.48%**	Changes in market parameters during the period between the 2017 valuation date and the 2018 valuation date
Market premium used for calculation of pre-tax discount rate	7.75%	**10.28%**	
Re-levered Beta used for calculation of pre-tax discount rate	1.0718	**1.1707**	
Pre-tax discount rate	22.96%	**21.89%**	
Compound annual growth rate for projected revenues	9.42%	**3%**	Change in projected revenues (to be particularized below)

Valuation Date	Projected revenues (RMB million) FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
30.06.2017	300	**350**	400	420	430

Valuation Date	Projected revenues (RMB million) FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
30.06.2018	**375**	386	398	410

Valuation Date	Projected earnings before interest after tax (RMB million) FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
30.06.2017	9	**21**	24	25	26

Valuation Date	Projected earnings before interest after tax (RMB million) FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
30.06.2018	**25**	26	26	27

Assumptions adopted	
Valuation as at 30.06.2018	Valuation as at 30.06.2017
(i) There will be no major change in the existing political, legal and economic conditions in the PRC in which the CGU is being operated;	(i) There will be no major change in the existing political, legal and economic conditions in the PRC in which the CGU is being operated;
(ii) save for those proposed changes on taxation policies announced by the Tax Bureau of the PRC, there will be no major change in the current taxation law and tax rates as prevailing and that all applicable laws and regulations on taxation will be complied with by the CGU and its subsidiaries;	(ii) save for those proposed changes on taxation policies announced by the Tax Bureau of the PRC, there will be no major change in the current taxation law and tax rates as prevailing and that all applicable laws and regulations on taxation will be complied with by the CGU and its subsidiaries;
(iii) the interest rates and exchange rates will not differ materially from those presently prevailing;	(iii) the interest rates and exchange rates will not differ materially from those presently prevailing;
(iv) the availability of finance will not be a constraint on the forecast growth of the CGU's operations in accordance with the business plan and the projection;	(iv) the availability of finance will not be a constraint on the forecast growth of the CGU's operations in accordance with the business plan and the projection;
(v) the business forecast is based on reasonable grounds, reflecting estimates which have been arrived at after due and careful consideration by the management and will materialize;	(v) the business forecast is based on reasonable grounds, reflecting estimates which have been arrived at after due and careful consideration by the management and will materialize;

Assumptions adopted	
Valuation as at 30.06.2018	Valuation as at 30.06.2017
(vi) the facilities systems and the technology utilized by the CGU do not infringe any relevant regulations and law;	(vi) the facilities systems and the technology utilized by the CGU do not infringe any relevant regulations and law;
(vii) all equipment and facilities utilized by the CGU can perform efficiently and safely according to the purposes for which it was designed and built;	(vii) all equipment and facilities utilized by the CGU can perform efficiently and safely according to the purposes for which it was designed and built;
(viii) the CGU have obtained all necessary permits and approvals to carry out the business operations in the PRC and shall have no legal impediment in renewing those permits and approvals from time to time;	(viii) the CGU have obtained all necessary permits and approvals to carry out the business operations in the PRC and shall have no legal impediment in renewing those permits and approvals from time to time;
(ix) the CGU and its operating assets are free and clear of any lien, charge, option, pre-emption rights or other encumbrances or rights whatsoever;	(ix) the CGU and its operating assets are free and clear of any lien, charge, option, pre-emption rights or other encumbrances or rights whatsoever;
(x) the CGU shall secure and retain competent management, key personnel, marketing and technical staff to carry out and support the operations; and	(x) the CGU shall secure and retain competent management, key personnel, marketing and technical staff to carry out and support the operations; and
(xi) the estimated fair values do not include consideration of any extraordinary financing or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary recoverable amount of the CGU.	(xi) the estimated fair values do not include consideration of any extraordinary financing or income guarantees, special tax considerations or any other atypical benefits which may influence the ordinary recoverable amount of the CGU.

BUSINESS PROSPECT

Although the Group has record a growth in revenue of solar power business for the year, the change in photovoltaic market in the PRC and the fierce competition in public housing development in Singapore might bring challenges to the Group.

The Group will continue to leverage its resources to improve the profitability and simultaneously take prudent measures to control the operating costs.

Looking ahead, the Group will continually enhance its principal businesses and will seek for good business opportunities so as to enhance the value of the shareholders of the Company.

FINANCIAL REVIEW

The Group's revenue increased by 18.5% from approximately S$57.6 million for the financial year ended 30 June 2017 to approximately S$68.3 million for the financial year ended 30 June 2018. Loss attributable to owners of the parent and loss per share attributable to ordinary equity holders of the parent for the year ended 30 June 2018 amounted to approximately S$1.8 million and S$0.18 cents respectively compared to approximately S$39.0 million and S$5.02 cent respectively for the financial year ended 30 June 2017.

Financial Results

Revenue

For the financial year ended 30 June 2018, revenue of the Group comprises of revenue generated from the following three business segment of the Group:

Solar Power Business

The Group has recognised a revenue of approximately S$43.3 million from the solar business for the financial year ended 30 June 2018, an increase of 32.8% compared to approximately S$32.6 million from that of last year.

Electrical Engineering Services

For the financial year ended 30 June 2018, this business segment recorded a revenue of approximately S$14.6 million, which represents a decrease of 41.6% from approximately S$25.0 million for the financial year ended 30 June 2017. This is mainly attributable to lack of new project secured during the year, due to fierce competition.

Consumer Products and Accessories

The Group commenced trading of consumer products and accessories during the year and recorded a revenue of approximately S$10.4 million.

Operating Results

Gross profit margin of the Group decreased by 25.4% from 33.4% for the financial year ended 30 June 2017 to 8.0% for the financial year ended 30 June 2018. The decrease in gross profit margin was mainly due to the lower profit margin in supply and installation of solar photovoltaic parts and equipment for solar power business and dilution effect from lower profit margin from the trading business, while the decrease in gross profit margin was slightly offset by the increase in the gross profit margin of the electrical engineering services by 1.4% from 7.6% for the financial year ended 30 June 2017 to that of 9.0% for the financial year ended 30 June 2018.

The operating results of the Group has recorded a significant reduction of loss from approximately S$31.4 million for the financial year ended 30 June 2017 to approximately S$701,000 for the financial year ended 30 June 2018. This change is primarily attributable to the significant reduction in impairment loss to approximately S$1.8 million (2017: S$41.2 million) during the financial year ended 30 June 2018 on goodwill relating to the solar power business taking into account the cash flow projections of the cash generating unit of the solar power business for the next four years.

Other Gains and Losses

Other gains and losses has experienced a change from a net loss of approximately S$1.3 million for the financial year ended 30 June 2017 to a net gain of approximately S$143,000 for the financial year ended 30 June 2018. This is mainly the result of the following significant items for the financial year ended 30 June 2017, which was not occurred for the financial year ended 30 June 2018:

1) fair value loss of approximately S$9.0 million on profit guarantee receivable due to the fulfilment of the profit guarantee arising from the Acquisition;

2) gain of approximately S$4.6 million arising from the Disposal; and

3) gain of approximately S$2.2 million relating to settlement of prepayments for acquisition of subsidiaries.

Administrative Expenses

Administrative expenses for the financial year ended 30 June 2018 decreased by 10.6% to approximately S$4.5 million (2017: S$5.0 million). The decrease is primarily attributable to share option expense in relation to the share options granted for the financial year ended 30 June 2017, which did not recur for the financial year ended 30 June 2018, although it is partly offset by the increase in general administrative cost of the Company for the financial year ended 30 June 2018.

Impairment Loss Recognized in respect of Goodwill

In light of the cash flow projections of the solar power business for the next four years, the recoverable amount of the goodwill in relation to the solar power business at 30 June 2018 was determined to be approximately S$14.7 million (2017: S$16.3 million) taking into account the valuation performed by an independent professional valuer. Accordingly, an impairment loss of approximately S$1.8 million (2017: S$41.2 million) was recognized. Details of the goodwill were set out in note 12 to the consolidated financial statements.

Other Expenses

Other expenses increased slightly by approximately 17.6% from approximately S$261,000 for the financial year ended 30 June 2017 to approximately S$307,000 for the financial year ended 30 June 2018. There was no notable movements for individual items in this expense category.

Share of Results of Joint Ventures

The Group's share of results of joint ventures increased by 25.4% to approximately S$1.28 million (2017: S$1.02 million) for the financial year ended 30 June 2018 mainly due to more projects secured in the current financial year.

Share of Results of an Associate

The associate has shared a loss of S$11,067 (2017: gain of S$42,228) mainly due to the on-going projects were relatively small scale with lower gross margin.

Income Tax Expense

Income tax expense decreased substantially by 76.0% from S$4.1 million for the financial year ended 30 June 2017 to approximately S$976,000 for the financial year ended 30 June 2018. This is primarily attributable to the lesser income tax expense charged on the assessable profit generated from both the solar power business and electrical engineering services.

Employment and Remuneration Policy

As at 30 June 2018, total number of employees of the Group was 106 (2017: 173). During the financial year ended 30 June 2018, employees costs (including Directors' emoluments) amounted to approximately S$5.8 million (2017: S$5.8 million). Remuneration of the employees which included salary, discretionary bonus and share-based incentives was based on the Group's results and individual performance. Medical and retirement benefits schemes were made available to qualified personnel.

Financial Position

As at 30 June 2018, total assets of the Group were approximately S$98.2 million (30 June 2017: S$90.7 million), representing an increase of 8.3% as compared with that of 2017. In particular, non-current assets decreased by 17.0% to approximately S$20.4 million (30 June 2017: S$24.6 million), whereas current assets increased by 17.7% to approximately S$77.8 million (30 June 2017: S$66.1 million).

The decrease in non-current assets is mainly attributable to combination effect of impairment of goodwill, the dividend payment by joint venture, the refund of prepayment for acquisition of properties and share of results of joint ventures during the financial year ended 30 June 2018. On the other hand, the substantial increase in trade receivables (excluding retention sum receivables and bills receivables) of approximately S$26.2 million from approximately S$23.8 million as at 30 June 2017 to approximately S$50.0 million as at 30 June 2018, which is mainly related to the solar power business and trading business, has strengthened up the current assets of the Group. As at 30 June 2018, approximately 91.2% of trade receivable aged within 60 days and approximately 90.8% are not past due. As at the day of report, approximately 86.3% of the outstanding trade receivable (excluding retention sum receivables and bills receivables) subsequently settled.

As at 30 June 2018, total liabilities of the Group amounted to approximately S$19.7 million (30 June 2017: S$25.7 million), a decrease of 23.3% as compared with that of 2017. In particular, current liabilities decreased by 23.2% to S$19.7 million (30 June 2017: S$25.6 million), whereas non-current liabilities reduced by 64.2% to S$30,222 (30 June 2017: S$84,498). The decrease in current liabilities is mainly due to the payment of promissory notes of approximately S$6.0 million. There is no notable movement for the reduction in non-current liabilities.

Total equity of the Company increased by 20.8% to approximately S$78.5 million as at 30 June 2018 (30 June 2017: S$65.0 million). This is primarily resulted from the placing of 152,000,000 placing shares and 197,600,000 placing shares at a price of HK$0.266 per share and HK$0.195 per share respectively during the financial year ended 30 June 2018.

Liquidity, Financial Resources and Gearing

As at 30 June 2018, the Group maintained net current assets of approximately S$58.2 million (30 June 2017: S$40.5 million). Besides, the Group maintained cash and cash equivalents of approximately S$14.7 million, of which 10.1% and 88.3% were denominated in Hong Kong dollars and Singapore dollars respectively (30 June 2017: S$17.2 million, of which 22.6% and 77.4% were denominated in Hong Kong dollars and Singapore dollars respectively).

As at 30 June 2018, the Group had no interest-bearing borrowings (30 June 2017: nil). The Group's gearing ratio was not applicable as the amount of trade and other payables is less than cash and cash equivalents (30 June 2017: 7.1%), 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

As at 30 June 2018, the Group had no charges on its assets.

Capital Structure

On 20 June 2017, the Company entered into a placing agreement (the "**2017 Placing Agreement**") with Pinestone Securities Limited, pursuant to which Pinestone Securities Limited has conditionally agreed, as agent of the Company, to procure on a best effort basis, not less than six placees to subscribe for up to 152,000,000 placing shares at the placing price of HK$0.266 per placing share (the "**2017 Placing**"). The 2017 Placing was completed on 6 July 2017 and 152,000,000 placing shares with an aggregate nominal value of HK$1,520,000 were allotted and issued by the Company to not less than six placees who were professional, institutional or other investors, who and whose ultimate beneficial owners were third parties independent of and not connected with the Company and its connected persons.

The placing price of HK$0.266 per placing share represents: (i) a discount of approximately 8.28% to the closing price of HK$0.29 per share as quoted on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 June 2017, being the date of the 2017 Placing Agreement; and (ii) a discount of approximately 9.83% to the average closing price of HK$0.295 per share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the 2017 Placing Agreement. The net placing price of the 2017 Placing was approximately HK$0.261 per placing share.

The 2017 Placing was conducted by the Company to raise additional funding for the business operations of the Group and strengthen the financial position of the Group, and enlarge the shareholders' base, which may in turn enhance the liquidity of the shares of the Company. The net proceeds from the 2017 Placing in the amount of approximately HK$39.7 million was previously intended to be applied as to HK$20 million to finance the acquisition of properties situated in Taiwan and the remaining balance as general working capital. As disclosed in the announcement of the Company dated 12 January 2018, the acquisition of properties has lapsed and all the net proceeds from the 2017 Placing would be applied as general working capital of the Group.

On 14 February 2018, the Company entered into a placing agreement (the "**2018 Placing Agreement**") with RIFA Securities Limited, pursuant to which RIFA Securities Limited agreed to place 197,600,000 new shares of the Company to not less than six placees on a best effort basis at a placing price of HK$0.195 per placing share (the "**2018 Placing**"). The Placing was completed on 5 March 2018 and 197,600,000 new shares of the Company with an aggregate nominal value of HK$1,976,000 were allotted and issued by the Company to not less than six placees who were independent individuals, corporations and/or institutional investors, who and whose ultimate beneficial owners were third parties independent of and not connected with the Company and its connected persons.

The placing price of HK$0.195 represents (i) a discount of approximately 4.88% to the closing price of HK$0.205 per share as quoted on the Stock Exchange on 14 February 2018, being the date of the 2018 Placing Agreement; and (ii) a discount of approximately 4.41% to the average closing price of HK$0.204 per share of the Company as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to date of the 2018 Placing Agreement. The net placing price for the 2018 Placing was approximately HK$0.192 per placing share.

The 2018 Placing was conducted by the Company to raise additional funding for the business operations of the Group and strengthen the financial position of the Group for future development. The net proceeds amounting to approximately HK$38.0 million arising from the 2018 Placing was applied as general working capital of the Group.

The Company has utilised approximately 81.5% of the net proceeds resulting from the 2017 Placing and 2018 Placing as to (i) approximately 3.8% in human resources; (ii) approximately 1.5% in office utilities; (iii) approximately 8.2% in other general expenses; (iv) approximately 37.7% for working capital in respect of trading in consumer products and accessories; and (v) approximately 30.3% for working capital in respect of solar power business during the financial year ended 30 June 2018.

As at 30 June 2018, the Company had 1,185,600,000 (30 June 2017: 836,000,000) shares in issue.

Capital Expenditure and Commitments

During the financial year ended 30 June 2018, the Group had capital expenditure of S$71,761 (2017: S$455,715).

As at 30 June 2018, the Group had commitments contracted for but not provided in the consolidated financial statements amounting to approximately S$14.2 million (equivalent to RMB69 million) in respect of acquisition of a company (30 June 2017: S$3.5 million in respect of acquisition of properties).

Contingent Liabilities

As at 30 June 2018, the Group had security bonds to the Singapore Government amounting to S$390,000 (30 June 2017: S$615,000) in relation to foreign workers.

Significant Investments

As at 30 June 2018, the Group held certain listed securities as held-for-trading investments.

The Group identified its investments based on the share price performance and future prospect of the investments. For the financial year ended 30 June 2018, the Group received dividend income of S$2,174 (2017: $2,727) from investment in listed securities and made a fair value gain of S$309,980 (2017: $149,236) on held-for-trading investments, in which approximately S$1.0 million (2017: nil) is realised loss. This fair value loss is mainly the combination effect of: (i) increase in share price of 110.4% of Chi Ho Development Holdings Limited ("**Chi Ho**"); (ii) decrease in share price of 95.1% of Li Bao Ge Group Limited ("**Li Bao Ge**"); and (iii) decrease in the share price of Pinestone Capital Limited ("**Pinestone**") of 41.7%; and (iv) decrease in share price of 55.3% of China Baoli Technologies Holdings Limited ("**China Baoli**") during the financial year ended 30 June 2018. All the shares of Heng Tai Consumables Group Limited were disposed of during the financial year ended 30 June 2018.

Details of all the held-for-trading investments were set out in note 21 to the consolidated financial statements.

China Baoli is principally engaged in mobile technologies business, tourism and hospitality business, gamma ray irradiation services, and securities trading and investment. Although China Baoli continued to record a total comprehensive expense for the financial year ended 31 March 2018, the amount of loss had reduced as compared to the financial year ended 31 March 2017. Furthermore, they are committed to identifying and evaluating appropriate opportunities to invest in, thereby continuously improving its market competitiveness and maintaining its overall performance. Their goal is to generate stable fee based income and performance based revenue. In the long run, the Group believes that China Baoli will continue to diversify its existing business so as to achieve better growth potential and generating promising returns to the shareholders.

Pinestone is a Hong Kong-based financial services provider principally engaged in provision of securities brokerage services, securities-backed lending services as well as placing and underwriting services. The total comprehensive income for the financial year ended 31 December 2017 of Pinestone is approximately HK$14.1 million, which has decreased by approximately HK$13.5 million compared to that of the previous year, which was mostly attributable to an impairment provision of approximately HK$8.0 million made in respect of trade and loans receivables relating to securities-backed lending services. Pinestone will continue to cultivate client relationship, strengthen the financial positions, and explore business opportunities to maximize the long-term return for the shareholders. Being optimistic in the securities industry in Hong Kong, the Company is positive towards the prospect of Pinestone.

Li Bao Ge is principally engaged in the operation of a chain of Chinese restaurants in Hong Kong and the PRC. The total comprehensive income for the financial year ended 31 December 2017 of Li Bao Ge is approximately HK$24.4 million, which has increased by approximately HK$14.9 million compared to that of the previous year. Although Li Bao Ge continuously recorded profit, it had experience a significant fluctuation of the share price during the financial year ended 30 June 2018. For prudence sake, the group had disposed a substantial part of its holding in Li Bao Ge during the financial year ended 30 June 2018.

Chi Ho is an established main contractor for the provision of renovation and maintenance works, alteration and addition works, and fitting-out works in Hong Kong. Chi Ho is responsible for the overall management, implementation and supervision of projects. Chi Ho focuses on the management of projects, development of work programmes, procurement of works materials, operation of site works, co-ordination with the customers or their consultants and quality control of the works carried out by the employees and the subcontractors. The total comprehensive income for the financial year ended 31 March 2018 of Chi Ho is approximately HK$23.1 million, which has increased by approximately HK$10.6 million compared to that of the previous year.

The Company holds positive views towards the prospect of the above listed companies.

Save for those disclosed above, notes 1, 13 and 14 to the consolidated financial statements, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries during the financial year ended 30 June 2018.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

On 29 March 2018, the Company entered into a conditional sale and purchase agreement ("**Agreement**") in relation to the acquisition of the entire registered capital of Jiangsu Huihua Photovoltaic Limited (the "**Jiangsu Acquisition**"). As of the date of report, all conditions precedent of the Agreement have been fulfilled while the Jiangsu Acquisition had not completed as the relevant government department in the PRC is still in the course of processing the registration of the transfer of the registered capital of Jiangsu Huihua Photovoltaic Limited.

Save as disclosed above, there was no other material acquisitions or disposals of subsidiaries and associated companies during the financial year ended 30 June 2018.

Cash Flow

The Group reported net cash flows of approximately S$17.5 million (2017: S$13.9 million) used in operating activities for the financial year ended 30 June 2018. The increase in net cash used is primarily due to the increase in the amount of cash used in the solar power business.

Net cash generated from investing activities is approximately S$1.5 million for the financial year ended 30 June 2018 (2017: S$3.6 million). This is mainly attributable to the effect of decrease in dividends of approximately S$1.16 million received from joint ventures, approximately S$584,000 decrease in proceeds from disposal of subsidiaries and approximately S$711,000 decrease in proceeds from settlement of prepayments for acquisition of subsidiaries in the financial year ended 30 June 2018.

Net cash flows generated from financing activities mainly attributed to approximately S$13.5 million proceeds from issue of shares for the financial year ended 30 June 2018.

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	2018	2017	2016	2015	2014
Gross profit margin (%)[1]	23.5	33.4	14.1	30.7	40.3
Net profit margin (%)[2]	3.0	N/A[8]	18.5	32.9	25.4
Return on assets (%)[3]	3.4	N/A[8]	4.0	15.6	25.8

As at 30 June	2018	2017	2016	2015	2014
Gearing ratio[4]	0.0	7.1	9.9	0.0	0.0
Current ratio[5]	4.1	2.6	2.9	5.2	2.8
Average trade receivables collection period (days)[6]	209.2	101.2	75.6	110.0	64.0
Average trade payables repayment period (days)[7]	26.6	59.2	68.2	75.0	51.0

Note

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
8. The ratio is not applicable as the Group suffered a net loss for the financial year ended 30 June 2017

The decrease in gross profit margin for the financial year ended 30 June 2018 was mainly due to the transformation of the solar power business into supply and installation of solar photovoltaic parts and equipment which cause a lower gross profit margin than that of previous year solar power business.

The improvement for gearing ratio as at 30 June 2018 mainly arose from the reduction of trade and other payables and the increase in cash and cash equivalent due to the proceeds received from the placing of shares of the Company.

The increase in average trade receivables collection period of 108.0 days for the financial year ended 30 June 2018 is primarily attributable to the trade receivables of the solar power business where the Group offers a longer credit period than that of the electrical engineering services.

The Group always maintains good and prompt payment relationship with the suppliers to achieve overall benefit for the on-going and future purchase pricing. For the financial year ended 30 June 2018, the repayment period was shorter mainly due to increase in purchases of site materials to meet the projects schedule.

RISK MANAGEMENT

The Group faces certain risks and uncertainties in its operations which 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 2018 was maintained at a satisfactory level. Save as disclosed in note 31 to the Consolidated Financial Statements, the Group had no significant capital commitment.
	Contingent liabilities	Save as disclosed in note 30 to the Consolidated Financial Statements, the Group had no significant contingent liabilities as at 30 June 2018.
	Foreign currency risk	The Group's business mainly operates in Singapore and the 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 Singapore dollars and Hong Kong dollars. As a result, fluctuations in the value of Singapore dollars against Renminbi and Hong Kong dollars could adversely affect the cash and cash equivalent which is reported in Singapore dollars. During the financial year ended 30 June 2018, the Group did not experience 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 and there were no hedging instruments outstanding as at 30 June 2018. 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	Description and Mitigation
Credit risk	The Group's credit risk is primarily attributable to trade receivables. Credit evaluations are performed on all credit customers focusing on the customer's history of payments when due and current ability to pay, and take into account 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 120 days from the date of billing. Impairment losses are recorded for those overdue balances where there is objective evidence of impairment. The Group has certain concentration risk in respect of trade receivables due from the Group's three largest customers who accounted for approximately 89% and 59% of the Group's total trade receivables at 30 June 2018 and 30 June 2017 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 reduction in the fair value of the listing securities resulting from 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 the PRC while 21.4% and 63.4% of its revenue is derived from Singapore and PRC, respectively. The Group's results of operations and financial condition therefore depend on the economies of Singapore and the PRC. The economic growth of Singapore becomes moderate in recent years while that of the PRC is slowing down. In this connection, 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 the PRC business activities may also hinder the development of solar power business of the Group so that the Group's income may be negatively impacted.

	Risk	Description and Mitigation
Operational Risk	**Availability, recruitment and retention of skilled resources**	The Group's business is highly dependent on skilled, semi-skilled and unskilled foreign workers as the local construction labour in Singapore 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 2018, approximately 81.1% 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	Description and Mitigation
	Qualifications, licences and permit	The business and construction activities of the Group 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, which would lead to a reduction in the number of project opportunities for the Group. This would, in turn, create 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 renew the relevant qualifications, licences and permits.
Regulation and compliance risks	**Legal and regulatory compliance**	The Group faces local legal risks in Singapore and the 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 the 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	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 and the level of Singapore government's spending budget on public housing may adversely affect the Group's operational and financial performance. The Group continues to explore new opportunities in non-government housing sectors and other ventures to diversify its business. Besides, the favourable policies of the PRC government towards renewable energy may change from time to time. Reduction in subsidies from the PRC government to the solar photovoltaic power business will hinder the profitability of the Group.
	Competition	The Group provides (i) electrical engineering services to the Singapore construction industry; and (ii) solar photovoltaic installation services to the PRC users on project basis, and the duration of the projects usually ranges between 6 to 18 months. As such, the Group's revenue is not recurring in nature and the Group has to go through a competitive 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.

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 their annual report together with the audited financial statements for the financial year ended 30 June 2018.

PRINCIPAL ACTIVITIES

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

RESULTS AND APPROPRIATIONS

The Group's results for the financial year ended 30 June 2018 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 2018 (2017: Nil).

DISTRIBUTABLE RESERVES

As at 30 June 2018, the Company's distributable reserves amounted to S$36,630,500 (2017: S$26,875,409).

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 26 and 38 to the Consolidated Financial Statements.

PLANT AND EQUIPMENT

Details of the movements of plant and equipment are set out in note 15 to the Consolidated Financial Statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 25 to the Consolidated Financial Statement.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the five financial year is set out on page 140 of the annual report.

DIRECTORS

The Directors who held office during the financial year ended 30 June 2018 and up to the date of this report were:

Executive Directors

Mr. Liu Yancheng *(Chairman)*
Mr. Yao Runxiong (appointed on 25 October 2017)
Mr. Liu Xinsheng
Mr. Peng Rongwu (resigned on 7 August 2018)

Non-executive Director

Mr. Tam Tak Wah

Independent Non-executive Directors

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

Pursuant to article 83(3) of the articles of association of the Company (the "**Articles of Association**"), Mr. Yao Runxiong shall retire from office as Director at the forthcoming annual general meeting of the Company ("**AGM**") and, being eligible, offer themselves for re-election at the AGM.

In accordance with article 84(1) of the Articles of Association, Mr. Leung Po Hon and Dr. Luo Xiaodong shall retire by rotation in the AGM and, being eligible, offer themselves for re-election at the AGM.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Share Option Scheme" and "Directors' Interests in Securities" in this report, at no time during the year was the Company or any of subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate, and none of the Directors and chief executives or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

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 2018.

DIRECTORS' SERVICE CONTRACTS

All Directors have entered into letters of appointment or service contracts with the Company or its subsidiaries.

As at 30 June 2018, 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 28 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 or at any time during the financial year.

PERMITTED INDEMNITY PROVISION

Pursuant to article 164(1) of the Articles of Association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they might incur or sustain by in connection with the execution of their duty. The Company has arranged directors' and officers' liability insurance policy of the Company during the financial year ended 30 June 2018.

COMPETING INTERESTS

None of the Directors of the Company 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 28 to the Consolidated Financial Statements which were fully exempt from the disclosure requirements in accordance with Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), the Group did not enter into any connected or continuing connected transactions during the financial year ended 30 June 2018.

SHARE OPTION SCHEME

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

There were no share options granted under the scheme since its adoption.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2018, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**") which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive have taken or deemed to have taken under such provisions of the SFO); (ii) recorded in the register kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long Positions in Shares and Underlying Shares of the Company

Director	Capacity/Nature	Number of shares held/ interested in	Percentage of interest in the Company
Mr. Liu Yancheng	Beneficial owner	7,600,000	0.64%
	Interest of spouse *(Note 1)*	5,000,000	0.42%
Mr. Yao Runxiong	Beneficial owner	3,980,000	0.34%
	Interest of spouse *(Note 2)*	18,630,000	1.57%
Mr. Liu Xinsheng	Beneficial owner	7,600,000	0.64%
Mr. Peng Rongwu	Beneficial owner	13,480,000	1.14%

Notes:

1. 5,000,000 shares of the Company are legally and beneficially owned by Ms. Zhang Juanying, the spouse of Mr. Liu Yancheng. Mr. Liu Yancheng is therefore deemed to be interested in the 5,000,000 shares of the Company for the purposes of the SFO.

2. 18,630,000 shares of the Company are legally and beneficially owned by Ms. Zhuang Yanzhu, the spouse of Mr. Yao Runxiong. Mr. Yao Runxiong is therefore deemed to be interested in the 18,630,000 shares of the Company for the purposes of the SFO.

Save as disclosed above, as at 30 June 2018, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2018, 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 by the Company under section 336 of SFO.

BUSINESS REVIEW

A fair review of the business of the Company as well as a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position can be found in the "Management Discussion and Analysis" set out on pages 4 to 18 of this annual report. These discussions form part of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

Further discussion and analysis of the principal risks and uncertainties facing the Group can be found in the "Management Discussion and Analysis" set out on pages 19 to 23 of this annual report. The above section forms part of this report.

CORPORATE GOVERNANCE

Subject to the deviations as disclosed in the Corporate Governance Report set out on pages 34 to 46 of this annual report, the Company has complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

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 2018 is as follows:

	Percentage of the Group's total revenue	
	2018	2017
The largest customer in aggregate	**53.1%**	21.7%
Five largest customers in aggregate	**94.3%**	75.8%

	Percentage of the Group's total purchase	
	2018	2017
The largest supplier in aggregate	**50.8%**	46.4%
Five largest suppliers in aggregate	**80.9%**	77.1%

So far as the directors of the Company 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.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

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

During the financial year ended 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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 report, the Company maintained a sufficient public float as required under the Listing Rules during the year ended 30 June 2018 and up to the date of this annual report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to the independence guidelines under the Listing Rules and that the Company still considers such directors to be independent.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is devoted to promoting and maintaining the environmental and social sustainable development of the regions where it operates. The Group takes into account of environmental protection issues in making reasonable use of various energy, resources and materials. The Group did not experience any cases of non-compliance relating to environmental laws and regulations in the PRC, Singapore and Hong Kong.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's business mainly operates in Singapore and the PRC and the Company itself is listed on the Stock Exchange. Our operations accordingly shall comply with relevant laws and regulations in the regions. During the financial year, the Group did not breach any law and regulation that has significant impact on the Company.

AUDITOR

HLB Hodgson Impey Cheng Limited ("**HLB**") was first appointed as auditor of the Company upon filling the vacancy following the retirement of Ernst & Young at the conclusion of the annual general meeting on 13 February 2017.

The consolidated financial statements for the financial year ended 30 June 2018 have been audited by HLB who will retire and offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their re-appointment will be proposed at the forthcoming annual general meeting.

By Order of the Board
Liu Yancheng
Chairman

Hong Kong, 27 September 2018

Profile of Directors and Senior Management

BOARD OF DIRECTORS

Executive Directors

Liu Yancheng

Mr. Liu Yancheng, aged 50, was appointed as an executive Director on 5 January 2017 and redesignated as the chairman of the Board (the "**Chairman**") on 1 March 2017. Mr. Liu is also a director of certain subsidiaries of the Company. Mr. Liu has over 25 years of diversified business experience in the PRC spanning property and hotel investments, electronic communications and digital electronics as well as financing and leasing. Mr. Liu founded the first micro-lending company in Guangzhou in 2010 and is currently a deputy of the Fifteenth People's Congress of Liwan District, Guangzhou, the PRC.

Yao Runxiong

Mr. Yao Runxiong, aged 56, was appointed as executive director on 25 October 2017. He is the founder and currently a director of 金大福珠寶有限公司 (for transliteration purpose only, King Tai Fook Company Limited), a company established in the People's Republic of China (the "**PRC**") and principally engaged in jewellery business in the PRC. He has over 20 years of experience in management and development of jewellery business in the PRC.

Liu Xinsheng

Mr. Liu Xinsheng, aged 49, was appointed as an executive Director on 2 May 2017. Mr. Liu graduated from Nanjing Audit College (南京審計學院) specialising in accounting in 1991. He is a registered international internal auditor, a registered tax agent of the PRC and an accounting professional. He has over 25 years' experience in the field of accounting and auditing. Mr. Liu is currently the executive director of Tech Pro Technology Development Limited (stock code: 3823), the shares of which are listed on the Main Board of the Stock Exchange.

Peng Rongwu

Mr. Peng Rongwu, aged 55, acted as the Chairman from 26 June 2015 to 28 February 2017. He was appointed as a non-executive Director on 17 November 2014 and redesignated as an executive Director on 1 April 2015. Mr. Peng is also a director of certain subsidiaries of the Company and has accumulated over 20 years of marketing and management experience in international trading business of electronic products. Mr. Peng resigned as an executive director of the Company on 7 August 2018.

Non-executive Director

Tam Tak Wah

Mr. Tam Tak Wah, aged 53, was appointed as the non-executive Director on 17 November 2014. He 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 2020. 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), the shares of which are listed on the Main Board of the Stock Exchange. Mr Tam served as an executive director of Skyway Securities Group Limited (now known as CMBC Capital Holdings Limited) (stock code: 1141) and independent non-executive director of Tech Pro Technology Development Limited (stock code: 3823), the shares of which are listed on the Stock Exchange, and resigned in November 2016 and March 2017 respectively.

Independent Non-executive Directors

Leung Po Hon

Mr. Leung Po Hon, aged 54, was appointed as an independent non-executive Director on 13 November 2015. He is currently a practicing accountant. Mr. Leung graduated and obtained a Professional Diploma in accountancy from The Hong Kong Polytechnic (now 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 HKICPA 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 and is currently an independent non-executive director of Flying Financial Service Holdings Limited (stock code: 8030) and MediNet Group Limited (stock code: 8161), the shares of which are listed on the Growth Enterprise Market of the Stock Exchange. Mr. Leung was also an independent non-executive director of China Investment Fund International Holdings Limited (stock code: 612), China Graphene Group Limited (stock code: 63) and Success Dragon International Holdings Limited (stock code: 1182), the shares of which are listed on the Stock Exchange, and resigned in May 2016 and November 2017 and retired in August 2016 respectively.

Li Jin

Mr. Li Jin, aged 51, was appointed as an independent non-executive Director on 30 June 2017. He obtained a bachelor's degree in biology from Peking University in the PRC in 1989. He also obtained a master degree in biochemistry from the University of Michigan in 1991, and a juris doctor degree from the School of Law, Columbia University in 1994 in the United States. He has over 20 years of experience in the areas of commercial law, corporate finance and joint ventures as an attorney in New York and was a partner at Linklaters (Hong Kong) and Horizon Law firm (Shenzhen). He has been appointed as the Chief Financial Officer of Sungy Mobile Limited, a company listed on the NASDAQ Global Select Market in the United States (stock code: GOMO), from July 2013 to August 2014. He had also been appointed as the independent non-executive director of ZTE Corporation (stock code: 763), the shares of which are listed on the Stock Exchange, from June 2004 to June 2010.

Luo Xiaodong

Dr. Luo Xiaodong, aged 32, was appointed as an independent non-executive Director on 5 January 2017. He graduated from Shandong University with a bachelor's degree in civil engineering in 2009. He further obtained a master's degree in structure engineering from the University of Dundee in 2011 and a doctorate degree in civil engineering from the University of Hong Kong in 2016. Dr. Luo has been working in the construction industry since 2016.

SENIOR MANAGEMENT

Yeo Jiew Yew

Mr. Yeo Jiew Yew, aged 62, the founder of the Group, was appointed as an executive Director on 19 June 2013 and re-designated as the Managing Director on 9 December 2013. He retired at the annual general meeting held on 13 February 2017 and did not offer himself for re-election as the Managing Director so as to focus on the Singapore business and operation of the Group. He is the director of the wholly-owned subsidiary of the Company, Strike Electrical Engineering Pte Ltd ("**Strike Singapore**"). 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 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.

Sim Yew Heng

Mr. Sim Yew Heng, aged 57, 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 the director of Strike Singapore. Mr. Sim is also a shareholder and a director of Victrad. Mr. Sim is the brother of Mr. Yeo Jiew Yew.

Dai Yong

Mr. Dai Yong, aged 41, 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 48, 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 establish and maintain high standard of corporate governance. The Company believes that good corporate governance system provides a sustainable and solid foundation for the Company to manage business risks, enhance transparency, advance accountability and maximise shareholders' interests.

The Company has applied the principles of Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and complied with all applicable code provisions of the CG Code throughout the financial year ended 30 June 2018, save and except for the deviations from code provisions A.2.1 and A.6.7.

Code provision A.2.1

Code provision A.2.1 of the CG Code stated that the roles of chairman and managing director should be separate and should not be performed by the same individual. On 13 February 2017, Mr. Yeo Jiew Yew ("**Mr. Yeo**") retired and did not offer himself for re-election as an executive Director and also ceased to be the managing director (the "**Managing Director**") of the Group. As the Company did not appoint any person to replace Mr. Yeo as the Managing Director, this deviates from code provision A.2.1 of the CG Code.

The chairman of the board (the "**Board**") of directors of the Company (the "**Chairman**"), Mr. Liu Yancheng is responsible for the general operations of the Board and the overall strategy of the Group whereby the ex-Managing Director, Mr. Yeo, who remains as the director of Strike Singapore continues to be responsible for the overall management, strategic planning and business development of the Group's business operations in Singapore. The roles and functions of Mr. Yeo for the Group thereby has not changed subsequent to his retirement as the Managing Director. The Board therefore considers that this structure would not impair the balance of power and authority between the directors and the management of the Group.

The Board understands the importance of complying with the code provision A.2.1 of the CG Code and will continue to consider the feasibility of compliance. If compliance is determined, appropriate persons will be nominated to take up the different roles of the Chairman and the Managing Director.

Code provision A.6.7

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. Mr. Li Jin, an independent non-executive Director, was unable to attend the annual general meeting of the Company held on 20 October 2017 due to his 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 2018.

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 that processes and procedures are in place to achieve the Company's corporate governance objectives.

Chairman and Chief Executive Officer

The Company does not have any officer with the title of "chief executive officer".

The Chairman is responsible for the general operations of the Board and the overall strategy of the Group whereby the ex-Managing Director, Mr. Yeo, who remains as the director of Strike Electrical Engineering Pte, Ltd., a wholly-owned subsidiary of the Company in Singapore, continues to be responsible for the overall management, strategic planning and business development of the Group's business operations in Singapore. The roles and functions of Mr. Yeo for the Group thereby has not changed subsequent to his retirement as the Managing Director. The Board therefore considers that this structure would not impair the balance of power and authority between the directors and the management of Company.

The Board understands the importance of complying with the code provision A.2.1 of the CG Code and will continue to consider the feasibility of compliance. If compliance is determined, appropriate persons will be nominated to take up the different roles of the Chairman and the Managing Director.

Board Composition

As at 30 June 2018, the Board comprises four 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. Liu Yancheng *(Chairman)*	
Mr. Yao Runxiong	*(Appointed on 25 October 2017)*
Mr. Liu Xinsheng	*(Resigned on 23 October 2018)*
Mr. Peng Rongwu	*(Resigned on 7 August 2018)*

Non-executive Director:

Mr. Tam Tak Wah

Independent Non-executive Directors:

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

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 "Profile of Directors and Senior Management" on pages 31 to 33.

During the financial year ended 30 June 2018, the executive Directors and 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**").

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 access to 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 "Profile of Directors and Senior Management" in this annual report, there is no financial, business, family or other material relationships among members of the Board.

Regular Board meetings in each year are scheduled in advance to facilitate maximum attendance of Directors. Reasonable notice in advance 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 that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors in reasonable advance 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 by any Directors.

Whereas a Director has conflict of interest in a matter to be considered by the Board and the Board has determined that 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.

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 2018. 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 2018:

	Corporate governance/ updates on laws, rules and regulations	Accounting/ financial/ management or other professional skills
Executive Directors		
Mr. Liu Yancheng	✓	
Mr. Yao Runxiong (appointed on 25 October 2017)	✓	
Mr. Liu Xinsheng (resigned on 23 October 2018)	✓	✓
Mr. Peng Rongwu (resigned on 7 August 2018)	✓	
Non-executive Director		
Mr. Tam Tak Wah	✓	✓
Independent Non-executive Directors		
Mr. Leung Po Hon	✓	✓
Mr. Li Jin	✓	
Dr. Luo Xiaodong	✓	

Directors and Officers Policy

During the financial year ended 30 June 2018, 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 Stock Exchange and the Company. The Audit Committee consists of four non-executive Directors, of whom three are independent, namely,

Mr. Leung Po Hon *(Chairman)*
Mr. Li Jin
Dr. Luo Xiaodong
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 on 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 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 for 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.

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 consists of five members, of whom three are independent non-executive Directors, one is non-executive Director and the remaining one is executive Director, namely,

Mr. Leung Po Hon *(Chairman)*
Mr. Li Jin
Mr. Liu Xinsheng *(resigned on 23 October 2018)*
Dr. Luo Xiaodong
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 Stock 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;

- making recommendations to the Board on the remuneration packages of individual executive Directors, non-executive Directors and senior management; 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 2018, 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.

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 2018 is set out below:

Annual remuneration (by band)	Number of individuals
Nil to HK$1,000,000	–
HK$1,000,000 to HK$1,500,000	2

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 Stock Exchange and the Company. The Nomination Committee consists of four members, of whom three are independent non-executive Directors and one is executive Director, namely,

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

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 outlined in the "Procedures for Shareholders to Propose a Person for Election as a Director" which is available on the website of the Company.

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.

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 make recommendations to the Board.

For the financial year ended 30 June 2018, 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.

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 limiting 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 COMMITTEE MEETINGS

During the financial year ended 30 June 2018, the Company held 11 Board meetings, 2 Audit Committee meetings, 2 Remuneration Committee meeting, 2 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	*Notes*	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General**
Executive Director						
Liu Yancheng		11/11	N/A	N/A	2/2	1/1
Yao Runxiong	*1*	6/6	N/A	N/A	N/A	0/0
Liu Xinsheng		9/10	N/A	1/2	N/A	1/1
Peng Rongwu	*2*	11/11	N/A	N/A	N/A	1/1
Non-executive Director						
Tam Tak Wah		9/9	2/2	2/2	N/A	1/1
Independent Non-executive Director						
Leung Po Hon		8/9	2/2	2/2	2/2	1/1
Li Jin		9/9	2/2	2/2	2/2	0/1
Luo Xiaodong		9/9	2/2	2/2	2/2	1/1

Notes:

1. Mr. Yao Runxiong was appointed as an executive Director with effect from 25 October 2017.
2. Mr. Peng Rongwu resigned as an executive Director with effect from 7 August 2018.

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 contact person of the external service provider.

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 that it is responsible for the internal control system of the Group, and an effective internal control system enhances the Group's ability in achieving business objectives, safeguarding assets, complying with applicable laws and regulations and contributes to the effectiveness and efficiency of its operations. As such, the Group's internal control procedures include a comprehensive budgeting, information reporting and performance monitoring system.

The Company has engaged an independent advisor to conduct various agreed reviews over the Company's internal control system in order to assist the Board in reviewing the effectiveness of the internal control system of the Group. The reviews, which span over a period of 2 years, are aimed to cover all material controls, including financial, operational and compliance controls and risk management functions of the Group. The first report from the independent advisor has been presented to and reviewed by the Audit Committee and the Board. Appropriate recommendations for further enhancing the internal control system have been adopted.

AUDITORS' REMUNERATION

An analysis of the remuneration payable to the independent auditor of the Company, HLB Hodgson Impey Cheng Limited, to perform audit and non-audit services for the financial year ended 30 June 2018 is as follows:

For the financial year ended 30 June	**2018 (S$)**	2017 (S$)
Services rendered:		
Audit service	**372,602**	354,717
Non-audit service	**–**	61,910

SHAREHOLDERS' RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to articles 57 and 58 of the Articles of Association, 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 of Association, 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: Room 1011, 10/F., Wing On Centre,
111 Connaught Road Central,
Hong Kong
By fax: (852) 31517085
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 Stock 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 2018, there had been no significant change in the Company's constitutional documents.

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, HLB Hodgson Impey Cheng Limited, about reporting responsibilities on the consolidated financial statements of the Group is set out under the heading "Independent Auditors' 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.

Environmental, Social and Governance Report

INTRODUCTION AND SCOPE

This environmental, social and governance report (the "**ESG Report**") has been prepared by the management of the Company in accordance with the requirement of the Appendix 27 Environmental, Social and Governance Reporting Guide ("**ESG Guide**") of the Listing Rules. The Group's corporate governance is addressed separately in the Group's annual report prepared in accordance with all applicable provisions as set out in Appendix 14 of the Main Board Listing Rules.

This report presents mainly the policies, initiatives and performance of the Group for the year ended 30 June 2018. It also highlights material aspects identified from 1 July 2017 to 30 June 2018 (the "**Reporting Period**"). The Board of directors (the "**Board**") confirms that the report has been reviewed and approved to ensure the fair presentation of all material issues and impacts.

This ESG Report has been presented into two subject areas namely, Environmental and Social. Each subject area has various aspects to disclose the relevant policies and the status of compliance with relevant laws and regulations as addressed by the ESG Guide.

The Group understands the importance of the ESG report and is committed to making continuous improvements in corporate social responsibility into the Group's business in order to meet the changing needs of an advancing society.

In this ESG report of the Group it will present mainly policies, initiatives and performance of the Group for the year ended 30 June 2018 and also highlight material aspects identified. The following table will demonstrate the relationship between ESG guide and the issues found relevant to the Group:

ESG Guide	Relevant ESG issues to the Group
A. Environmental	
A.1 Emissions	Pollutants emissions
	Greenhouse gas emissions
A.2 Use of resources	Resources consumption
A.3 Environmental and natural resources	Measures in reducing environmental impact
B. Social	
B.1 Employment	Labour practices
	Equal opportunities
B.2 Health and Safety	Workplace health and safety
B.3 Development and training	Employee development and training
B.4 Labour standards	Child labour and forced labour
B.5 Supply chain management	Relationship management in the view of long term co-operation
B.6 Product responsibility	Product quality control
	Safety keeping practice
B.7 Anti-corruption	Anti-corruption and money laundering
B.8 Community investment	Community involvement

A. ENVIRONMENTAL

The Group always keeps itself up-to-date on developments in local legislations and standards for environmental protection. During the reporting period, the Group did not experience any cases of non-compliance relating to environmental laws and regulations in the PRC, Singapore and Hong Kong.

The Group actively encourages staff to protect the environment through training, education and communication.

The Group has policies for the reduction of energy consumption and efficient use of resources so as to reduce the emission of greenhouse gas ("GHG") and other pollutants in relation to its operations carried out in all its business units' office and points of sale controlled and run by the Group, including switching off idle lightings, computers and electrical appliances, deployment of energy-saving lightings, using of recycled paper, monitoring water consumption, encouraging the use of public transport for local travelling to meetings and airports and using tele or video conferencing as an alternative to business travels.

The Group has established environmental policies and has communicated measurable environmental objectives to employees. The salient features of these environmental policies and objectives are as follows:

Environmental Policies	Environmental Objectives
To monitor and record our environmental impacts on a regular basis and compare our performance with our policies, objectives and targets	Conform to applicable laws and government regulations
To reduce, reuse, recycle the resources consumed by our business wherever practical	Promote environmental, health and safety awareness among the employees, contractors, users and transporters
Informing the employees, users and society at large about environmental protection and product safety	Increasing and maintaining the environmental awareness of all employees with a view to integrating environmental considerations into operational and financial planning

A.1 Emissions

The Group takes environmental management into account for provision of electrical engineering services both in Singapore and Hong Kong. We keep our employees abreast of the latest environmental laws and regulations so as to better manage our environmental performance. During the Financial Year, the Group were not aware of any material non-compliance of environmental laws and regulations that have a significant impact on the Group relating to air and greenhouse gas (GHG) emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Pollutants Emissions

The major pollutants emissions of the Group are due to the use of vehicles. During the year ended 30 June 2018, the Group consumed 12,725 litres of diesel oil. The consumption of fuels lead to the emission of 0.2 kg of sulphur oxides (SOx), 111.5 kg of nitrogen oxides (NOx) and 10.6 kg of particulate matters (PM).

Greenhouse Gas Emissions

The Group would consume electricity and fuels for the operations of its trading business. The emission of carbon dioxide (CO_2) has been calculated by the quantity of energy consumed multiple by the emission factors and the emission of CO_2 are used tonnes as unit. The emissions of CO_2 are broadly classified into three scopes:

Scope 1 – Direct emissions from combustion of fuels,

Scope 2 – Energy indirect emissions; and

Scope 3 – Other indirect emissions.

The combustion of 12,725 litre of diesel, 35.1 tonnes of CO_2 has been produced (Scope 1). Further, the Group consumed 55,306 kWh of electricity which contributed to the emissions of 26.9 tonnes of CO_2 (Scope 2). 22.1 tonnes of CO_2 have been produced from other indirect emissions (Scope 3), including paper waste disposed at landfills, electricity used for processing fresh water and sewage by government departments produced and business air travel of the Group's employees. To sum up, 84.1 tonnes of CO_2 has been produced by the Group for the year ended 30 June 2018.

A.2 Use of Resources

Resource consumption

The waste management from the Group's business activities mainly consisted of office paper and water during the Reporting Period. No substantial hazardous waste was produced by the Group during the Reporting Period.

Resources consumed	Unit	Consumptions	Consumption intensity *(per staff)*
Water	m^3	136.5	1.3
Electricity	kWh	55,306	521.8
Paper used	kg	504.85	4.8

Environmental policy and performance, and environmental conservation is always one of the Group's concerns. Although the Group does not establish a formal environmental policy, various measures have been implemented to encourage compliance with environmental legislations and promote awareness towards environmental protection to the employees. For instance, the Group 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.

A.3 Environmental and natural resources

Measures in reducing environmental impact

Due to the nature of the business, the Group does not have any direct and significant impacts on the environment and natural resources during its operation. By taking the green initiatives mentioned below, the Group is committed to mitigate the environmental impact and acting in a manner that is both environmentally and socially responsible.

Throughout the Group, the following actions have been taken to reduce carbon and energy footprints:

- maintain the indoor temperature of offices at 26 degrees Celsius;
- minimise the use of motor vehicles during peak hours;
- choosing environmentally friendly materials and energy saving lightings and electrical appliances;
- idle electrical appliances are switched off; and
- regular maintenance and repair for electrical appliances to lower energy waste.

B. SOCIAL

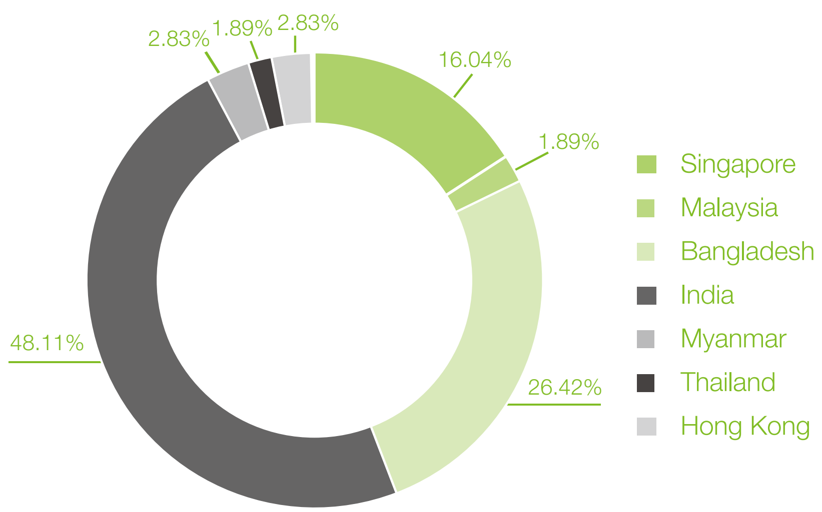
B.1 Employment

Labour Practices

Human resources are a valuable asset to the Group. It provides some staff activities to enhance employees' sense of belonging and to help create a friendly working environment. The Group did not notice any non-compliance with relevant laws and regulations in P.R.C, Singapore and Hong Kong, applicable to employment contracts, wages, and benefits.

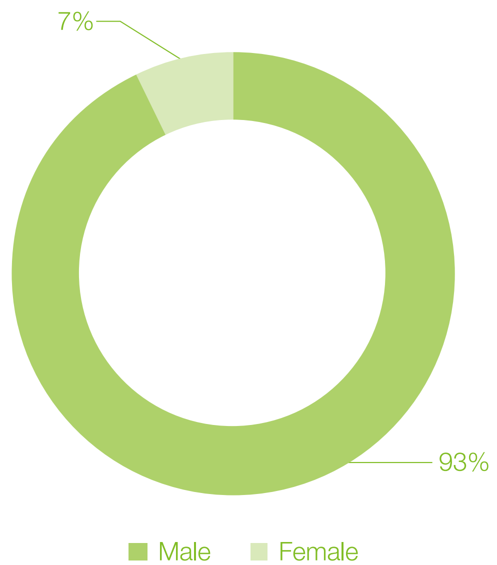
At the year ended 30 June 2018, the Group has 106 employees. The charts below show the diversity of the staff:

Workforce by Nationality



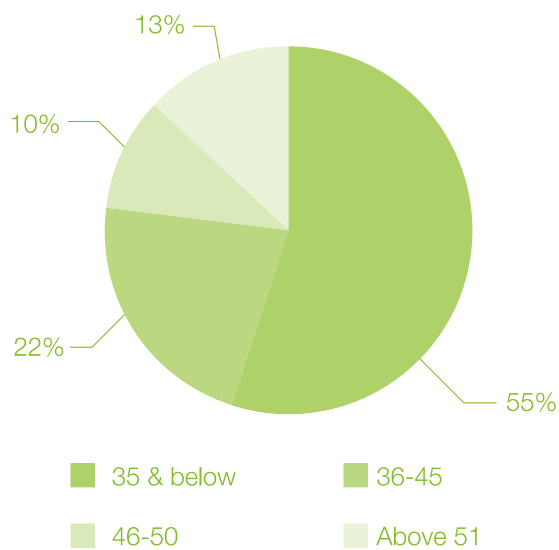
During the hiring process, management concerns about the ability and capability of job applicants. As a result, it forms a multi-cultural working environment.

WORKFORCE BY SEXUALITY

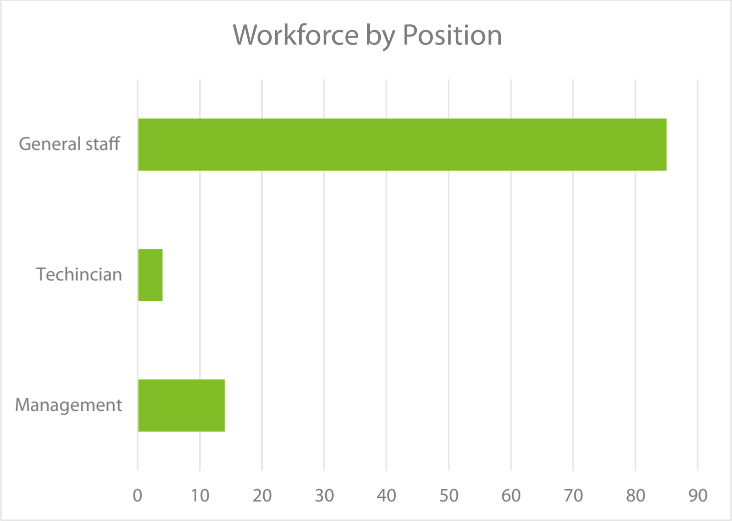


The male/female composition ratio of the Group is approximately 14:1. Although the Group treated all application irrespective of gender, due to the prevailing culture of the majority of the operation at the electrical engineering service majority of the potential and successful application tends to be male.

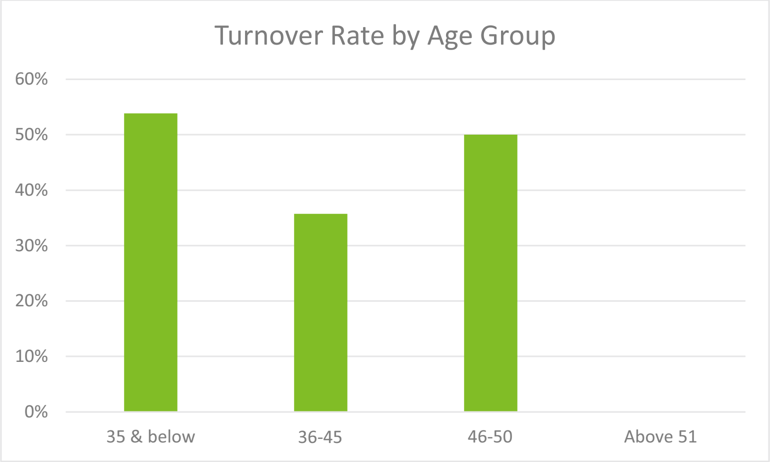
WORKFORCE BY AGE GROUP



For the construction business in Singapore, most employees are male as front-line workers. The age level of workers is well diversified, and over 50% of the total workforce is aged at 35 or below.



The majority of the workforce consists of front-line workers (over 80%).



The Group has experienced high staff turnover rate for the year 2017/2018, which is mainly due to minimising workforce.

Equal Opportunities

Being an equal opportunities employer, the Group is committed to creating a working environment with fairness, openness and mutual trust. The Group opposes to any consideration which involves discrimination not related to work and prohibits all forms of workplace discrimination, employee of the same position is remunerated on equal basis no matter of what gender they are, thus the rights of female employees are well-protected.

B.2 Health and Safety

Workplace health and safety

Our Group attaches great importance to employees' health and safety. In order to minimise workplace accidents and set the health and safety of staff as a top priority, the Group has established a set of staff handbook which includes sufficient policies on the safety for all employees to follow.

The Group complies with laws and regulations regarding health and safety such as Occupational Safety and Health Ordinance in Hong Kong, Employment Act in Singapore and other applicable regulations to provide a safe, healthy and comfortable working environment. All workers in worksite are under the coverage of workmen medical insurance while staff in office are under the coverage of employees' compensation insurance. During the year ended 30 June 2018, the Group recorded one minor job-related injury case. Human resource department investigates and analyses every case and implements correspondence preventive measures if necessary. The contractor at the worksite and the Group are responsible for all medical expenses due to job-related injury.

In order to reduce accidents at workplace, the group provides compulsory safety training for all the worksite staff during orientation course and relevant trainings and knowledges in respect of risks associated with goods handling in site and warehouse. Safety equipment are provided to all workers in the worksite. Furthermore, the Group also places occupational hazard warning signs and warning instructions at the place around the worksite prominently, carries out safety inspection regularly and provide safety seminar to employees.

B.3 Development and Training

Employee development and training

The Group aims to create an environment of continuous improvement in which our employees are encouraged to pursue excellence at work and career development.

To stay abreast of best practices in the relevant business sectors, the Group encourages staff to attend both in-house and external training organised by certified organisation or government. The Group arranges suitable staff in Singapore to attend Core Trade Tradesman (Higher Skilled) Course for the benefit of the lower levy. Furthermore, the Group also arrange staff to take the work-at-height course and safety supervisor course before working in specific working environment.

53% and 94% of management and general staff attended training programs respectively. In average, each staff attend over 30 hours of training during the year ended 30 June 2018. All training records and attendance records are kept for reviewing and monitoring purposes.

B.4 Labour Standards

Child Labour and Forced Labour

With compliance on the international criterions, the Labour Law of Hong Kong and the Employment Act and the Employment (Children and Young Persons) Regulations of Singapore, the Group strives to fight against illegal employment including both forced labour and juvenile labours aged under 16 (child labour). It formulates employment procedures to ensure that the employment process can screen out any illegal employees. All works should be voluntary and not performed under threats of penalty or coercion.

Any individuals under legal working age or without any identification documents are removed from employment. During the reporting period, the Group did not employ any child labour. Upon discovery of any child labour and use of forced labour, the person will be dismissed immediately.

The standard working hour of each staff is 40-hour standard per week, with the provision of annual vacation leave, compensation leave, maternity leave, personal leave and sick leave. Remuneration of the employees which included salary, discretionary bonus and share-based incentives was based on the Group's results and individual performance. During the recruitment or appraisal of employees, the Group places great consideration in providing equal opportunities at workplace where only the working performance and ability are considered under the assessment.

During the year ended 30 June 2018, the Group did not hire any staff who are under the legal working age.

B.5 Supply Chain Management

Relationship Management in the View of Long-Term Co-operation

The Group considers our suppliers as strategic partners and contributors to our businesses and we strive to build long-term relationships with suppliers who share our values. The Group encourages suppliers, business partners and their associates to follow the same standards of integrity and transparency in doing business with us as we seek to apply in doing business with them.

The Group has established and maintained a good relationship with a network of suppliers and subcontractors, some of whom have known or worked with the Group for over 10 years. The good relationship with its suppliers is partly based on its practice of prompt payment which has benefited the Group in negotiating a competitive price, which in turn, provides the Group with the flexibility to price its services to customers. For the suppliers and the quotation management in Singapore, the Group has followed "Preferred Vendors" practice.

Preferred vendors

These are the vendors proposed by customers so as to meet the requirements of the projects undertaken by the Group. Although quotation is required from these preferred vendors, price is not the utmost priority as over-reliance on a particular supplier would generate new risk for the Group. The reputation of the vendors is a significant factor for the Group's decision making of proposal evaluation. There is a check and balance in place for mitigating the risk by spreading out the orders among preferred vendors, taking into consideration of the relationship with the Group and their outstanding orders.

B.6 Product Responsibility

Product Quality Control

The Group's employees are obligated to retain in confidence all information obtained in connection with their employment, including, but not limited to, trade secrets, client information and other proprietary information.

Safety Keeping Practice

The Group has a confidentiality policy relating to observing and protecting intellectual property rights which comply with the Business Practices and Consumer Protection Act applicable to all locations for consumer data protection and privacy policy. For the protection of customer privacy, customer information is kept in strict confidence and destroyed if appropriate.

During the reporting period, the Group had neither experienced any product issue due to safety and health concern, nor received any complaint regarding our products and services.

B.7 Anti-Corruption

Anti-corruption and Money Laundering

The Group is aware that any events of corruption will bring irreparable damage to the Group, therefore the Group upholds a high standard of business integrity throughout its operations. A system with good moral integrity and anti-corruption mechanism are seen to be the cornerstone of the sustainable and healthy development of the Group.

With compliance with relevant laws and regulations of anti-corruption law of Hong Kong, Criminal law of the People's Republic of China《中華人民共和國刑法》and the Anti-Unfair Competition Law of the People's Republic of China《中華人民共和國不正當競爭法》and Prevention of Corruption Act under Chapter 241 by the Singapore Statues, the Group has established a comprehensive mechanism in reporting and investigation procedures of related issues. The Group would terminate the employment contract with immediate effect on employees who accept any benefits from customers and suppliers. Employees are asked to notify their respective division head for any suspicious transactions. If any employee is found to be in violation of corruption after investigation, the Group will penalise the employee involved, including the termination of labour contracts with immediate effect. During the year ended 30 June 2018, no cases associated with corruption have been reported and discovered.

B.8 Community Investment

Community Involvement

The Group recognises the importance of corporate social responsibility and encourages employees to contribute to the community. By focusing the social investments on providing the community a safe and promoting multi-racial harmony and social cohesion, the Group donated to the People's Association in Singapore in May 2018. The Group would from time to time make other charitable donations as deemed necessary.

In the future, the Group plans to seek opportunities to work with charitable organisations by participating in various community programs.

Independent Auditors' Report

國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF KINGBO STRIKE LIMITED
(Incorporated in Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Kingbo Strike Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 62 to 139, which comprise the consolidated statement of financial position as at 30 June 2018, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these 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.

BASIS FOR DISCLAIMER OF OPINION

1. Opening balances and corresponding figures

The opening balances as at 1 July 2017 and the comparative figures disclosed in the consolidated financial statements are based on the consolidated financial statements of the Group for the year ended 30 June 2017 (the "**2017 Financial Statements**"), on which we expressed a disclaimer of opinion in our auditors' report dated 8 August 2017. The matters which resulted in that disclaimer of opinion included the matters described in paragraphs (2) to (4) below.

Details of the matters that gave rise to the disclaimer of opinion are set out in our independent auditors' report dated 8 August 2017 included in the Company's annual report for the year ended 30 June 2017.

The opening balances as at 1 July 2017 of the assets and liabilities of the Group enter into the determination of the financial performance and cash flows of the Group for the current financial year ended 30 June 2018 and may have carryforward effects on the closing balances of the assets and liabilities of the Group as at 30 June 2018. Hence any adjustments found to be necessary to the opening balances as at 1 July 2017 of the assets and liabilities of the Group may affect the balance of accumulated losses as at 1 July 2017, the Group's loss for the year ended 30 June 2018, the closing balances of the assets and liabilities of the Group as at 30 June 2018 and related presentation in the consolidated statement of cash flows and disclosures in the notes to the consolidated financial statements of the Group for the year ended 30 June 2018 in the manner described in paragraphs (2) and (3) below.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

1. Opening balances and corresponding figures *(Continued)*

Accordingly, the matters that gave rise to the disclaimer of opinion on the 2017 Financial Statements caused us to be unable to determine whether adjustments might have been necessary in respect of the financial performance of the Group for the year ended 30 June 2018 reported in the consolidated statement of profit or loss and other comprehensive income, the Group's cash flows used in operating activities reported in the consolidated statement of cash flows and/or the financial position of the Group as at 30 June 2018 reported in the consolidated statement of financial position as at 30 June 2018 in the manner described in paragraphs (2) and (3) below, and the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

2. Identifiable assets and liabilities of the Kahuer Group

The Group acquired 60% equity interest of Kahuer Holding Co., Limited ("**Kahuer**") on 27 May 2016 (the "**Acquisition**"). The Group had engaged an independent external professional valuer to assist in the determination of the fair values of the identifiable assets and liabilities of Kahuer and its subsidiaries (the "**Kahuer Group**") for the purpose of purchase price allocation at the date of Acquisition. The fair value measurements during the purchase price allocation were carried out based on cash flow forecast of the Kahuer Group projects which was prepared using financial budgets covering a five-year period (the "**Forecast**"). As a result, goodwill of approximately RMB282.6 million (equivalent to approximately S$58.3 million), being the residual value from the purchase price allocation, was recognised.

Our audit opinion on the 2017 Financial Statements was modified because, inter alia, we were unable to satisfy ourselves as to whether the fair value of inventories of Kahuer Group as at the date of the Acquisition of approximately S$3.5 million and the related deferred tax liability of approximately S$0.8 million included in the purchase price allocation referred to above were appropriately stated, as the reasonableness of the Forecast could not be ascertained. Any adjustments found to be necessary in respect of this matter may materially affect the balances of the Group's inventories and deferred tax liability in respect thereof as at 30 June 2017 and the amounts recognized in consolidated profit or loss in respect of the inventories and deferred tax liability for the years ended 30 June 2018 and 2017 and other related elements in the consolidated financial statements for the years ended 30 June 2018 and 2017.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

3. Impairment loss of goodwill

As detailed in Note 12 to the consolidated financial statements and paragraph 2 above, included in the consolidated statement of financial position of the Group was goodwill of gross carrying amount (before provision of impairment) of approximately RMB282.6 million (equivalent to approximately S$58.2 million) as at 30 June 2018 (2017: approximately S$57.5 million) which arose from the Acquisition. During the year, the Group performed impairment assessment on the goodwill based on valuation report prepared by an independent external professional valuer. Provision for impairment loss on the goodwill amounting to approximately RMB8.8 million (equivalent to approximately S$1.8 million) (2017: approximately RMB202.5 million, equivalent to approximately S$41.2 million) was recognized in consolidated profit or loss during the year ended 30 June 2018.

Our audit opinion on the 2017 Financial Statements was modified because, inter alia, we were unable to satisfy ourselves that certain key assumptions adopted in the valuation of the value in use as at 30 June 2017 of the solar power station projects cash generating unit, to which the whole amount of the goodwill referred to above was allocated for impairment testing purpose, were reasonable and supportable. In the absence of sufficient appropriate evidence regarding whether the key assumptions adopted were reasonable and supportable, we were unable to satisfy ourselves as to the appropriateness and sufficiency of the amount of impairment loss on the goodwill recognised in the 2017 Financial Statements.

Any adjustments found to be necessary in respect of the scope limitation referred to above may materially affect the balance of the Group's goodwill as at 30 June 2017 and the amounts recognized in consolidated profit or loss in respect of the impairment loss on goodwill for the years ended 30 June 2018 and 2017 and other related elements in the consolidated financial statements for the years ended 30 June 2018 and 2017.

4. Other matters that led to disclaimer on the 2017 Financial Statements

Our audit opinion on the 2017 Financial Statements was modified because, in addition to the matters described in paragraphs 1 to 3 above, there were scope limitations which might materially affect the Group's loss for the year ended 30 June 2017 and related disclosures in the notes to the 2017 Financial Statements. These scope limitations are described in sub-paragraphs (a) to (c) below. Our opinion on the current year's consolidated financial statements is also modified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

BASIS FOR DISCLAIMER OF OPINION *(Continued)*

4. Other matters that led to disclaimer on the 2017 Financial Statements *(Continued)*

a. Fair value of profit guarantee receivable

As described in Note 19, included in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2017 was a loss from change in fair value of profit guarantee receivable of approximately RMB44.1 million (equivalent to approximately S$9.0 million). The profit guarantee receivable was carried at its fair value, which was determined to be S$Nil as at 30 June 2017 based on the actual performance of the Kahuer Group, as the period covered by the profit guarantee had already ended. However, we were unable to satisfy ourselves as to whether the opening balance of the profit guarantee receivable as at 1 July 2016 was free from material misstatement. Any adjustments found to be necessary to the opening balance as at 1 July 2016 might affect the loss from change in fair value of profit guarantee receivable included in arriving at the Group's loss for the year ended 30 June 2017 and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 30 June 2017.

b. Gain on settlement of prepayments for acquisition of subsidiaries

As described in the Note 6, included in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2017 was a gain on settlement of prepayment for acquisition of subsidiaries of approximately RMB12.0 million (equivalent to approximately S$2.2 million). The prepayments for acquisition of subsidiaries was arising from the Acquisition. We were unable to satisfy ourselves as to whether the opening balance of the long-term prepayments as at 1 July 2016 was free from material misstatement and hence whether the gain on settlement of long-term prepayments for acquisition of subsidiaries was free from material misstatement.

c. Gain on disposal of subsidiaries

As described in the Note 29, included in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2017 was a gain on disposal of subsidiaries of approximately RMB22.7 million (equivalent to S$4.6 million). The net assets of the subsidiaries disposed of included inventories of approximately RMB14.9 million (equivalent to S$3.0 million) which were arising from the Acquisition and the related deferred tax liabilities of approximately RMB3.7 million (equivalent to S$0.8 million). As stated in paragraph (2) above, there was scope limitation in relation to the purchase price allocation in respect of the Acquisition, hence we were unable to satisfy ourselves as to whether the gain on disposal of the subsidiaries was free from material misstatement.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and to issue an auditors' report. We report our opinion 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

The engagement director on the audit resulting in this independent auditors' report is Shek Lui.

REPORT ON OTHER MATTERS UNDER SECTION 407(2) AND 407(3) OF THE HONG KONG COMPANIES ORDINANCE

In respect alone of the inability to obtain sufficient appropriate audit evidence as described in the Bases for Disclaimer of Opinion section of our report above:

- we were unable to determine whether adequate accounting records had been kept; and

- we have not obtained all the information or explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Shek Lui
Practising Certificate Number: P05895

Hong Kong, 27 September 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 30 June 2018

	Notes	2018 S$	2017 S$
REVENUE	5	68,328,311	57,648,773
Cost of sales		(62,880,366)	(38,384,602)
Gross profit		5,447,945	19,264,171
Other gains and losses	6	142,656	(1,259,532)
Administrative expenses		(4,478,442)	(5,006,815)
Impairment loss recognised in respect of goodwill	12	(1,792,785)	(41,163,325)
Other expenses		(306,544)	(260,749)
Finance costs	7	(7,572)	(9,721)
Share of results of joint ventures		1,280,807	1,021,618
Share of results of an associate		(11,067)	42,228
PROFIT (LOSS) BEFORE TAX	8	274,998	(27,372,125)
Income tax expense	10	(976,071)	(4,062,584)
LOSS FOR THE YEAR		(701,073)	(31,434,709)
ATTRIBUTABLE TO			
Owners of the parent		(1,840,146)	(38,989,860)
Non-controlling interests		1,139,073	7,555,151
		(701,073)	(31,434,709)
LOSS FOR THE YEAR		(701,073)	(31,434,709)
OTHER COMPREHENSIVE INCOME (EXPENSES) FOR THE YEAR			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations:			
Exchange differences arising during the year		693,854	(48,490)
Reclassification of translation reserve upon disposal of foreign operations	27	–	13,867
Other comprehensive income (expense) for the year, net of income tax		693,854	(34,623)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		(7,219)	(31,469,332)
ATTRIBUTABLE TO			
Owners of the parent		(1,205,991)	(38,996,395)
Non-controlling interests		1,198,772	7,527,063
		(7,219)	(31,469,332)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDINGS OF THE PARENT			
Basic and diluted (S$ cents)	11	(0.18)	(5.02)

Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	2018 S$	2017 S$
NON-CURRENT ASSETS			
Goodwill	12	14,679,058	16,291,283
Prepayments	20	–	1,768,878
Interests in joint ventures	13	2,738,762	2,957,955
Interests in an associate	14	479,712	490,779
Plant and equipment	15	424,185	611,236
Trade receivables	18	2,096,300	2,470,373
Total non-current assets		20,418,017	24,590,504
CURRENT ASSETS			
Gross amount due from customers for contract work in progress	16	744,104	3,254,446
Inventories	17	9,956	17,704
Trade receivables, deposits and other receivables	18	50,577,838	36,394,266
Prepayments	20	3,324,082	34,288
Held-for-trading investments	21	8,450,399	9,245,609
Cash and cash equivalents	22	14,703,511	17,165,860
Total current assets		77,809,890	66,112,173
CURRENT LIABILITIES			
Income tax payable		5,347,239	4,433,737
Trade and other payables	23	14,308,345	21,146,823
Total current liabilities		19,655,584	25,580,560
NET CURRENT ASSETS		58,154,306	40,531,613
TOTAL ASSETS LESS CURRENT LIABILITIES		78,572,323	65,122,117

Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	2018 S$	2017 S$
NON-CURRENT LIABILITIES			
Trade and other payables	23	–	44,168
Deferred tax liabilities	24	30,222	40,330
Total non-current liabilities		30,222	84,498
NET ASSETS		78,542,101	65,037,619
EQUITY			
Share capital	25	2,000,400	1,396,622
Reserves	26	67,197,813	55,495,881
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		69,198,213	56,892,503
Non-controlling interests		9,343,888	8,145,116
TOTAL EQUITY		78,542,101	65,037,619

The consolidated financial statements were approved and authorised for issue by the boards of directors on 27 September 2018 and signed on its behalf by:

Liu Yancheng
Director

Yao Runxiong
Director

Consolidated Statement of Changes in Equity

Year ended 30 June 2018

	Attributable to equity holders of the parent									
	Share capital *(Note 26)* S$	Share premium *(Note 26)* S$	Statutory surplus reserve *(Note (i))* S$	Exchange fluctuation reserve *(Note (ii))* S$	Share option reserve *(Note (iii))* S$	Retained profits (Accumulated losses) S$	Merger reserves# *(Note (iv))* S$	Total S$	Non-controlling interests S$	Total equity S$
At 1 July 2016	1,261,436	76,984,011	–	(1,498,545)	–	15,893,756	(2,239,647)	90,401,011	1,036,618	91,437,629
(Loss) profit for the year	–	–	–	–	–	(38,989,860)	–	(38,989,860)	7,555,151	(31,434,709)
Other comprehensive (expense) income for the year:										
Exchange differences on translation of foreign operations										
Exchange difference arising during the year	–	–	–	(20,402)	–	–	–	(20,402)	(28,088)	(48,490)
Reclassification of translation reserve upon disposal of subsidiaries *(Note 27)*	–	–	–	13,867	–	–	–	13,867	–	13,867
Total comprehensive (expense) income for the year	–	–	–	(6,535)	–	(38,989,860)	–	(38,996,395)	7,527,063	(31,469,332)
Transfer from retained profits to statutory surplus reserve	–	–	1,295,091	–	–	(1,295,091)	–	–	–	–
Grant of share options	–	–	–	–	1,364,689	–	–	1,364,689	–	1,364,689
Exercise of share options	135,186	5,352,701	–	–	(1,364,689)	–	–	4,123,198	–	4,123,198
Capital injection from non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	555,824	555,824
Disposal of subsidiaries *(Note 27)*	–	–	–	–	–	–	–	–	(974,389)	(974,389)
At 30 June 2017 and 1 July 2017	1,396,622	82,336,712*	1,295,091*	(1,505,080)*	–	(24,391,195)*	(2,239,647)*	56,892,503	8,145,116	65,037,619
(Loss) profit for the year	–	–	–	–	–	(1,840,146)	–	(1,840,146)	1,139,073	(701,073)
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations										
Exchange difference arising during the year	–	–	–	634,155	–	–	–	634,155	59,699	693,854
Total comprehensive income (expense) for the year	–	–	–	634,155	–	(1,840,146)	–	(1,205,991)	1,198,772	(7,219)
Transfer from retained profits to statutory surplus reserve	–	–	291,566	–	–	(291,566)	–	–	–	–
Issue of shares	603,778	12,907,923	–	–	–	–	–	13,511,701	–	13,511,701
At 30 June 2018	2,000,400	95,244,635*	1,586,657*	(870,925)*	–	(26,522,907)*	(2,239,647)*	69,198,213	9,343,888	78,542,101

* These reserve accounts comprise the consolidated reserves of S$67,197,813 (2017: S$55,495,881) in the consolidated statement of financial position.

Consolidated Statement of Changes in Equity

Year ended 30 June 2018

Notes:

(i) According to the relevant rules and regulations in the People's Republic of China ("**PRC**"), subsidiaries of the Company established in the PRC are required to transfer 10% of their net profit, as determined in accordance with the PRC accounting standards and regulations, to the statutory surplus reserve until the balance of the reserve reaches 50% of their respective registered capital. The transfer to this reserve must be made before distribution of dividends to owners of these subsidiaries. Statutory surplus reserve can be used to set off previous years' losses, if any, and may be converted into capital in proportion to existing equity owners' equity percentage, provided that the balance after such issuance is not less than 25% of their registered capital.

(ii) The amount represented the share of changes in other comprehensive income in subsidiaries which is the exchange differences relating to the translation of the net assets of the subsidiaries' foreign operations from their functional currencies to the subsidiaries' presentation currency.

(iii) The amount represented the equity-settled share-based payments recognised during the year ended 30 June 2017.

(iv) 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 2018

	Notes	2018 S$	2017 S$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		274,998	(27,372,125)
Adjustments for:			
Bank interest income	6	(57,047)	(39,717)
Share of results of joint ventures		(1,280,807)	(1,021,618)
Share of results of an associate		11,067	(42,228)
Depreciation of plant and equipment	8	224,453	208,169
Loss on plant and equipment written off	8	–	96,643
Gain on disposal of plant and equipment	8	(19,562)	(21,427)
Gain on disposal of subsidiaries	27	–	(4,622,458)
Gain on settlement of prepayments for acquisition of subsidiaries	6	–	(2,227,701)
Impairment loss recognised in respect of goodwill	12	1,792,785	41,163,325
Change in fair value of held-for-trading investments	8	(309,980)	(149,236)
Change in fair value of profit guarantee receivable	8	–	8,961,306
Share-based payment expenses		–	1,364,689
Foreign exchange differences	6	272,875	(600,164)
Operating cash flows before movements in working capital		908,782	15,697,458
Decrease (increase) in the gross amount due from customers for contract work in progress		2,510,342	(719,910)
Decrease (increase) in inventories		7,748	(6,537,501)
Increase in prepayments		(1,521,220)	(4,870,513)
Increase in trade receivables, deposits and other receivables		(13,340,945)	(27,469,997)
Decrease (increase) in held-for-trading investments		949,143	(3,207,305)
(Decrease) increase in trade and other payables		(6,939,850)	13,431,580
Cash used in operations		(17,426,000)	(13,676,188)
Interest received		57,047	39,717
Tax paid		(133,770)	(237,543)
Net cash flows used in operating activities		(17,502,723)	(13,874,014)

Consolidated Statement of Cash Flows

Year ended 30 June 2018

	Notes	**2018 S$**	2017 S$
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from joint ventures	*13*	**1,500,000**	2,660,000
Purchase of items of plant and equipment	*15*	**(71,761)**	(455,715)
Net cash inflow from disposal of subsidiaries	*27*	**–**	583,594
Proceeds from settlement of prepayments for acquisition of subsidiaries		**–**	711,425
Proceeds from disposal of plant and equipment		**48,570**	63,712
Net cash flows generated from investing activities		**1,476,809**	3,563,016
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injection from non-controlling interests of a subsidiary		**–**	555,824
Proceed from issue of shares		**13,511,701**	4,123,198
Proceed from interest-bearing borrowings		**–**	10,163,183
Net cash flows generated from financing activities		**13,511,701**	14,842,205
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(2,514,213)**	4,531,207
Effects of currency translation on cash and cash equivalents		**51,864**	(37,548)
Cash and cash equivalents at beginning of year		**17,165,860**	12,672,201
CASH AND CASH EQUIVALENTS AT END OF YEAR		**14,703,511**	17,165,860
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at banks and on hand	*22*	**14,703,511**	17,165,860

Notes to the Consolidated Financial Statements

30 June 2018

1. CORPORATE AND GROUP INFORMATION

Kingbo Strike Limited (the "**Company**") was incorporated in the Cayman Islands on 19 June 2013 as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The Company's registered office address is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company is registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under the Companies Ordinance (Chapter 622 of the laws of Hong Kong) on 5 September 2013 and the principal place of business in Hong Kong registered is at Room 1011, 10th Floor, Wing On Centre, 111 Connaught 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; supply and installation of solar photovoltaic parts and equipment in the People's Republic of China (the "**PRC**") and trading of consumer products and accessories.

Information about major subsidiaries

Particulars of the Company's major subsidiaries as at 30 June 2018 and 2017 are as follows:

Name	Place of Incorporation and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			Direct	Indirect	Direct	Indirect	
			2018		2017		
Strike Electrical Engineering Pte Ltd ("**Strike Singapore**")	Singapore	S$1,510,000	100	–	100	–	Electrical works and general building engineering services
Capital Asia Investment Limited	Hong Kong	HK$1	–	100	–	100	Investment holding and trading business
Max Lucky Corporation Limited	Hong Kong	HK$1	–	100	–	100	Investment holding
Marvel Skill Holdings Limited	British Virgin Islands ("**BVI**")	US$50,000	100	–	100	–	Investment holding
Kahuer Holding Co., Limited	BVI	US$50,000	–	60	–	60	Investment holding
Loydston International Limited	Hong Kong	HK$500,000	–	60	–	60	Investment holding

Notes to the Consolidated Financial Statements
30 June 2018

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about major subsidiaries *(Continued)*

Name	Place of Incorporation and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			Direct 2018	Indirect 2018	Direct 2017	Indirect 2017	
開合新能源(盱眙)有限公司[5,6] (Kaihe New Energy (Xuyi) Company Limited) ("**Kaihe New Energy**")	PRC	RMB6,824,178	–	60	–	60	Supply and installation of solar photovoltaic parts and equipment
萊斯頓新能源(鎮江)有限公司[1,5,6] (Loydston New Energy (Zhenjiang) Company Limited) ("**Loydston New Energy**")	PRC	US$10,000,000[8]	–	60	–	–	Supply and installation of solar photovoltaic parts and equipment
華輝新能源 (淮安)有限公司[2,5,6] (Huahui New Energy (Huaian) Company Limited ("**Huahui New Energy**")	PRC	US$5,000,000[7]	–	60	–	–	Supply and installation of solar photovoltaic parts and equipment
Mega Ascent Trading Limited [3]	Hong Kong	HK$1	–	100	–	–	Trading business
Kingbo Finance Limited [4]	Hong Kong	HK$1	–	100	–	–	Provision of finance

Notes:

1 Newly incorporated on 13 July 2017 as a non-wholly owned subsidiary of the Company.
2 Newly incorporated on 14 March 2018 as a non-wholly owned subsidiary of the Company.
3 Newly incorporated on 3 October 2017 as a wholly-owned subsidiary of the Company.
4 Newly incorporated on 3 November 2017 as a wholly-owned subsidiary of the Company.
5 Registered as a wholly-foreign-owned enterprise under PRC law.
6 The unofficial English translations are for identification purposes only.
7 The amount is registered share capital but not fully paid up as at 30 June 2018.
8 The amount is registered share capital but not paid up as at 30 June 2018.

2.1 BASIS OF PREPARATION

These consolidated 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) 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 2018 and 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual 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 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12	As part of Annual Improvements to IFRSs 2014-2016 Cycle

The application of new and revised IFRSs in the current year has had no material impact on the Group's consolidated financial position and consolidated financial performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
IFRS 9	Financial Instruments[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
IFRS 15	Revenue from Contracts with Customers[1]
Amendments to IFRS 15	Clarification to IFRS 15 Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contract[3]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to IAS 40	Transfer of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2014-2016 Cycles[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycles[2]
IFRIC – Int 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC – Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after 1 January 2021.
4 No mandatory effective date yet determined but available for adoption.

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 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 are described below:

- all recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("**FVTOCI**"). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

Based on the Group's financial instruments and risk management policies as at 30 June 2018, the directors of the Company anticipate the following potential impact on initial application of IFRS 9:

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of IFRS 9 by the Group.

However, the directors of the Company do not anticipate the application of the expected credit loss model of IFRS 9 will have material impact to the opening accumulated loss as at 1 July 2018.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of IFRS 15 in the future may result in more disclosures, however, they do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

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

IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 30 June 2018, the Group as lessee has non-cancellable operating lease commitments of approximately S$582,344 as disclosed in Note 31. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

Except for the new IFRSs mentioned as above, the directors of the Company anticipate that the application of all other new and revised IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

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 acquire 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 held-for-trading investments and derivative financial instruments 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 categorized 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 keymanagement 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 financial assets

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)*

Financial assets carried at amortised cost *(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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Offsetting of financial instruments

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

Inventories

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

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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contract revenue and costs *(Continued)*

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.

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 engineering services

Revenue from the rendering of 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. Sale of such projects in the ordinary course of business of the Group which is effected through selling the special purpose subsidiary holding the project is recognised as revenue at the amount represented by the total consideration of the solar power station project company. At the same time, the related inventories are derecognised with a charge to the consolidated statement of profit or loss and other comprehensive income as cost of sales. The difference between the two amounts represents the gross 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

(c) Revenue from sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

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

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 the PRC 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.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a valuation model, further details of which are given in Note 33 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss and other comprehensive income for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payments *(Continued)*

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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.

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:

(a) Revenue from sale of solar power station projects

The Group adopts the legal structure of private limited liability companies (each a "**special-purpose entity**") for its solar power station projects. The special purpose entities are subsidiaries of the Group and are consolidated in the Group's consolidated financial statements since the Group obtained the control of the subsidiaries. These special-purpose entities were set up solely for the purpose of holding the solar power stations which were constructed with a view to selling as part of the ordinary activities. At initial recognition and during the construction of these projects, management intended to sell these solar power station projects in the ordinary course of business. These solar power station projects under construction with the intention to sell are therefore determined to be inventories held for the purpose of sale in the Group's ordinary course of business. In the Group's consolidated financial statements, the solar power station projects under construction are 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 are 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 of the solar power station project acquired all the equity interest in a special-purpose entity, the Group had effectively sold its inventories represented by the solar power station projects. The buyer had taken over all the assets and assumed all the liabilities associated with the construction of the related solar power stations that belonged to the special-purpose entity. Therefore when the solar power station projects are sold in the ordinary course of business of the Group, the revenue from the sale of the solar power station projects is 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.

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

Judgements *(Continued)*

(b) Cash-generating unit for goodwill impairment

Goodwill arose from the acquisition of companies engaged in the construction, operation and sale of solar power station projects (the "**Acquisition**") in prior year. Management is of the view that all the subsidiaries of the Group which were or are engaged in the business of construction, operation and sales of solar power station projects constitute a single cash generating unit, being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Accordingly, the whole construction, operation and sale of solar power station projects segment has been identified by management 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.

(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 loss after tax will be approximately S$1,105,000 higher/lower (2017: loss after tax will be approximately S$1,921,000 higher/lower).

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

Estimation uncertainty *(Continued)*

(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 2018 was S$14,679,058 (2017: S$16,291,283). 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 three reportable operating segments as follows:

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

(b) supply and installation of solar photovoltaic parts and equipment (the "**solar power business**"); and

(c) trading of consumer products and accessories ("**trading business**").

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

4. SEGMENT INFORMATION *(Continued)*

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

There were no inter-segment sales in both years.

Segment assets exclude unallocated head office and corporate assets such as held-for-trading investments, certain prepayments, deposits and other receivables and cash and cash equivalents as these assets are managed on a group basis.

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

Year ended 30 June 2018	Engineering services S$	Solar power business S$	Trading business S$	Total S$
Segment revenue:				
Sales to external customers	14,631,021	43,295,704	10,401,586	68,328,311
Segment results:	1,617,959	2,033,538	129,229	3,780,726
Unallocated gains				128,120
Corporate and other unallocated expenses				(3,633,848)
Profit before tax				274,998
Segment assets:	21,441,908	61,339,719	5,006,968	87,788,595
Corporate and other unallocated assets				10,439,312
Total assets				98,227,907
Segment liabilities:	7,458,195	11,798,406	–	19,256,601
Corporate and other unallocated liabilities				429,205
Total liabilities				19,685,806

Notes to the Consolidated Financial Statements
30 June 2018

4. SEGMENT INFORMATION *(Continued)*

Year ended 30 June 2017	Engineering services S$	Solar power business S$	Trading business S$	Total S$
Segment revenue:				
Sales to external customers	25,042,872	32,605,901	–	57,648,773
Segment results:	1,981,852	(20,406,144)	–	(18,424,292)
Unallocated gains				743,738
Corporate and other unallocated expenses				(9,691,571)
Loss before tax				(27,372,125)
Segment assets:	24,852,677	50,480,947	–	75,333,624
Corporate and other unallocated assets				15,369,053
Total assets				90,702,677
Segment liabilities:	12,489,491	6,759,354	–	19,248,845
Corporate and other unallocated liabilities				6,416,213
Total liabilities				25,665,058

Other segment information	**Engineering services S$**	**Solar power business S$**	**Trading business S$**	**Unallocated S$**	**Total S$**
Year ended 30 June 2018					
Depreciation	**79,973**	**363**	**–**	**144,117**	**224,453**
Capital expenditure	**67,894**	**2,003**	**–**	**1,864**	**71,761**
Impairment loss recognised in respect of goodwill	**–**	**1,792,785**	**–**	**–**	**1,792,785**
Year ended 30 June 2017					
Depreciation	88,624	1,608	–	117,937	208,169
Capital expenditure	1,423	19,608	–	434,684	455,715
Impairment loss recognised in respect of goodwill	–	41,163,325	–	–	41,163,325
Fair value loss on profit guarantee receivable	–	–	–	8,961,306	8,961,306
Gain on disposal of subsidiaries	–	4,622,458	–	–	4,622,458
Gain on settlement of prepayments for acquisition of subsidiaries	–	2,227,701	–	–	2,227,701

Notes to the Consolidated Financial Statements
30 June 2018

4. SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2018 S$	2017 S$
The PRC	43,295,704	32,605,901
Singapore	14,631,021	25,042,872
Hong Kong	10,401,586	–
	68,328,311	57,648,773

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

(b) Non-current assets*

	2018 S$	2017 S$
Hong Kong	200,354	2,116,860
Singapore	3,439,648	3,710,995
The PRC	14,681,715	16,292,276
	18,321,717	22,120,131

* Non-current assets excluding trade and other receivables.

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

Information about major customers

Revenue from major customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

	2018 S$	2017 S$
Customer A[2]	36,298,000	N/A[3]
Customer B[2]	6,997,000	N/A[3]
Customer C[1]	9,678,000	12,500,000
Customer D[1]	N/A[3]	11,565,000
Customer E[2]	N/A[3]	10,773,000

[1] Engineering services
[2] Solar power business
[3] Revenue from the customer is less than 10% of the total revenue of the Group.

5. REVENUE

Revenue represents an appropriate proportion of contract revenue of construction contracts; the value of goods sold during the year.

	2018 S$	2017 S$
Contract revenue from provision of electrical engineering services	**14,631,021**	25,042,872
Contract revenue from provision of solar power business	**43,295,704**	32,605,901
Net invoiced value of goods sold	**10,401,586**	–
	68,328,311	57,648,773

6. OTHER GAINS AND LOSSES

	2018 S$	2017 S$
Foreign exchange (loss) gain	**(272,875)**	600,164
Bank interest income	**57,047**	39,717
Incentives from the Singapore Government *(note (a))*	**23,167**	34,741
Net fair value gain on held-for-trading Investments *(Note 8d)*	**309,980**	149,236
Fair value loss on profit guarantee receivables *(Note 19)*	**–**	(8,961,306)
Gain on disposal of plant and equipment	**19,562**	21,427
Gain on disposal of subsidiaries *(Note 27)*	**–**	4,622,458
Gain on settlement of prepayments for acquisition of subsidiaries	**–**	2,227,701
Others	**5,775**	6,330
	142,656	(1,259,532)

Note:

(a) 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:

	2018 S$	2017 S$
Bank charges	7,572	9,721
Interest on interest-bearing borrowings	–	2,215,267
Total	7,572	2,224,988
Less: interest capitalised	–	(2,215,267)
	7,572	9,721

8. PROFIT (LOSS) BEFORE TAX

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

		2018 S$	2017 S$
(a)	Cost of sales (Refer to (b) below)	62,880,366	38,384,602
	Auditors' remuneration	372,602	416,627
	Depreciation of plant and equipment *(Note 15)*	224,453	208,169
	Loss on plant and equipment written off	–	96,643
	Gain on disposal of plant and equipment	(19,562)	(21,427)
	Minimum lease payments under operating leases	379,231	460,269
	Legal and professional expenses	588,654	311,789
	Share-based payment expense in respect of consultancy services	–	1,084,753
	Employee benefits (Refer to (c) below)	5,816,593	5,808,919
(b)	Cost of sales:		
	– Contract cost from provision of electrical engineering services	13,307,388	23,148,118
	– Contract cost from provision of solar power business	39,324,366	15,236,484
	– Cost of goods sold	10,248,612	–
		62,880,366	38,384,602
(c)	Employee benefits (including Directors' remuneration):		
	– Directors' fee	525,601	374,951
	– Salaries, wages and bonuses	5,079,214	4,936,899
	– Pension scheme contributions	211,778	217,133
	– Share based payment expense	–	279,936
		5,816,593	5,808,919

8. PROFIT (LOSS) BEFORE TAX *(Continued)*

		2018 S$	2017 S$
(d)	Net fair value gain on held-for-trading investments:		
	Unrealised gain on fair value of held-for-trading investments	**(1,299,780)**	(149,236)
	Realised loss on fair value of held-for-trading investments	**989,800**	–
		(309,980)	(149,236)
(e)	Fair value loss on profit guarantee receivable *(Note 19)*	**–**	8,961,306

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

(a) Executive directors, non-executive director, 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:

	2018 S$	2017 S$
Fees	**525,601**	374,951
Other remuneration:		
– Salaries and bonuses	**331,377**	255,819
– Share-based payment expenses	**–**	279,936
– Pension scheme contributions	**12,204**	12,839
	869,182	923,545

The executive directors' emoluments shown below were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive director's emoluments shown below were mainly for his services as director of the Company or its subsidiaries. The independent non-executive directors' emoluments shown below were mainly for their services as directors of the Company.

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

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

The share-based payments represent the estimated value of share options granted to the Directors under the Company's share option scheme. The value of these share options are measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2.4.

During the year ended 30 June 2018, none of the Directors held share options under the Company's share option scheme.

During the year ended 30 June 2017, the Directors held share options under the Company's share option scheme. Details of the share options are disclosed in Note 33.

(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 2018				
Leung Po Hon	47,320	–	–	47,320
Luo Xiaodong	47,320	–	–	47,320
Li Jin	47,320	–	–	47,320
	141,960	–	–	141,960

	Fees S$	Salaries and bonuses S$	Pension scheme contributions S$	Total S$
Year ended 30 June 2017				
Ng Wai Hung*	44,006	–	–	44,006
Lam Kwan Yau Gilbert#	40,073	–	–	40,073
Leung Po Hon	44,142	–	–	44,142
Luo Xiaodong ^	22,166	–	–	22,166
Li Jin@	135	–	–	135
	150,522	–	–	150,522

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

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

(i) Independent non-executive directors *(Continued)*

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

* This director resigned on 30 June 2017.

\# This director resigned on 1 June 2017.

^ This director was appointed on 5 January 2017.

@ This director was appointed on 30 June 2017.

There were no other emoluments payable to the independent non-executive directors during the year (2017: Nil).

(ii) Executive directors and non-executive director

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 2018				
Executive Directors:				
Liu Yancheng *(Chairman)*	102,870	104,752	3,143	210,765
Peng Rongwu*	82,296	83,802	3,143	169,241
Liu Xinsheng	82,296	83,802	3,666	169,764
Yao Runxiong#	54,457	59,021	2,252	115,730
Non-executive Director:				
Tam Tak Wah	61,722	–	–	61,722
	383,641	331,377	12,204	727,222

* This director resigned on 7 August 2018.

\# This director was appointed as executive director on 25 October 2017.

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

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

(ii) Executive directors and non-executive director *(Continued)*

	Fees S$	Salaries and bonuses S$	Pension scheme contributions S$	Share-based payment S$	Total S$
Year ended 30 June 2017					
Executive Directors:					
Liu Yancheng* *(Chairman)*	17,727	41,287	1,052	139,968	200,034
Peng Rongwu	77,159	38,573	3,156	–	118,888
Liu Xinsheng@	13,723	14,026	–	139,968	167,717
Yeo Jiew Yew#	–	131,250	5,738	–	136,988
Wong Kee Chung^	69,196	30,683	2,893	–	102,772
Non-executive Director:					
Tam Tak Wah	46,624	–	–	–	46,624
	224,429	255,819	12,839	279,936	773,023

* This director was appointed as executive director on 5 January 2017 and appointed as chairman on 1 March 2017.

\# This director retired on 13 February 2017.

^ This director resigned on 1 June 2017.

@ This director was appointed as executive director on 2 May 2017.

(b) Five highest paid employees

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

	2018	2017
Directors *(including Managing Director)*	**3**	3
Non-director employees	**2**	2
	5	5

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

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

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

The five highest paid employees during the year included three directors (2017: three directors), details of whose remuneration are set out in (a) above. Details of the remuneration for the year of the remaining two (2017: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2018 **S$**	2017 S$
Salaries and bonuses	**420,000**	320,000
Pension scheme contributions	**22,440**	27,880
	442,440	347,880

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

	2018	2017
Nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**2**	1
	2	2

During the year, no emoluments (2017: 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 (2017: 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, profits of the subsidiary in Singapore which is taxed at a statutory tax rate of 17% and corporate income tax which has been provided for subsidiaries in the PRC based on assessable profits arising in the PRC during the year. Subsidiaries located in the PRC are subject to the PRC corporate income tax at a rate of 25% on its assessable profits.

	2018 S$	2017 S$
Current – Singapore		
– Charge for the year	31,152	110,913
– Over-provision in respect of previous years	(23,613)	(13,020)
Current – Others (the PRC and Hong Kong)		
– Charge for the year	978,640	4,282,192
– Over-provision in respect of previous years	–	(319,664)
Deferred *(Note 24)*		
– Origination and reversal of temporary differences	(10,108)	2,163
Total tax charge for the year	976,071	4,062,584

The Group is subject to PRC withholding tax of 10% on the gross interest income from its PRC subsidiaries to the Company.

According to the PRC EIT law, withholding income tax at a rate of 10% would be imposed on dividends relating to profits earned from year 2008 onwards to foreign investors for the companies established in the PRC. Such dividend tax rate may be further reduced by applicable tax treaties or arrangement. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, the withholding tax rate on dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is further reduced to 5% if the Hong Kong resident enterprise holds at least 25% equity interests in the PRC resident enterprise.

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:

10. INCOME TAX EXPENSE *(Continued)*

	2018					
	Singapore		Others (the PRC and Hong Kong)		Total	
	S$	%	S$	%	S$	%
Profit (loss) before tax	1,617,959		(1,342,961)		274,998	
Taxation at statutory tax rate	275,053	17.0	111,138	16.5-25	386,191	140.4
Lower tax rate for specific local authority	(43,735)	(2.7)	–	–	(43,735)	(15.9)
Profit or loss attributable to results of joint ventures and an associate	(215,855)	(13.4)	–	–	(215,855)	(78.5)
Adjustments in respect of current tax of previous year	(23,613)	(1.5)	–	–	(23,613)	(8.6)
Others	(10,108)	(0.6)	–	–	(10,108)	(3.7)
Income not subject to tax	(3,326)	(0.2)	(165,149)	12.3	(168,475)	(61.3)
Expense not deductible for tax	19,015	1.2	881,458	(65.6)	900,473	327.5
Tax loss not recognised	–	–	151,193	(11.3)	151,193	55.0
Tax charge at the Group's effective rates	(2,569)	(0.2)	978,640	(72.9)	976,071	354.9

	2017					
	Singapore		Others (the PRC and Hong Kong)		Total	
	S$	%	S$	%	S$	%
Profit (loss) before tax	1,981,852		(29,353,977)		(27,372,125)	
Taxation at statutory tax rate	336,915	17.0	(3,388,257)	16.5–25	(3,051,342)	11.1
Lower tax rate for specific local authority	(62,149)	(3.1)	–	–	(62,149)	0.2
Profit or loss attributable to results of joint ventures and an associate	(180,854)	(9.1)	–	–	(180,854)	0.7
Adjustments in respect of current tax of previous year	(13,020)	(0.6)	(319,664)	1.1	(332,684)	1.2
Others	2,163	0.1	–	–	2,163	–
Income not subject to tax	(3,643)	(0.2)	(1,063,739)	3.6	(1,067,382)	3.9
Expense not deductible for tax	20,644	1.0	8,604,149	(29.3)	8,624,793	(31.5)
Tax loss not recognised	–	–	130,039	(0.4)	130,039	(0.5)
Tax charge at the Group's effective rates	100,056	5.1	3,962,528	(13.5)	4,062,584	(14.9)

The share of tax attributable to the joint ventures and an associate amounting to S$217,737 (2017: S$173,675) and S$1,882 (2017: S$7,179) 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. LOSS PER SHARE

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

The calculation of basic loss per share is based on:

	2018	2017
Loss		
Loss attributable to equity holders of the parent, used in the basic loss per share calculation (S$)	(1,840,146)	(38,989,860)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	1,049,799,452	776,316,752
Basic loss per share (S$ cents)	(0.18)	(5.02)

Basic loss per share is the same as diluted loss per share, as the Group had no potentially dilutive ordinary shares (2017: Nil) in issue during the year.

12. GOODWILL

	2018 S$	2017 S$
Cost		
At the beginning of the year	57,510,423	57,354,883
Exchange realignment	725,984	155,540
At the end of the year	58,236,407	57,510,423
Accumulated impairment loss		
At the beginning of the year	41,219,140	–
Impairment loss recognised during the year	1,792,785	41,163,325
Exchange realignment	545,424	55,815
At the end of the year	43,557,349	41,219,140
Net carrying amount at the end of the year	14,679,058	16,291,283

12. GOODWILL *(Continued)*

Impairment assessment

Goodwill acquired through business combinations is allocated to construction, operation and sale of solar power station projects cash-generating unit ("**CGU**") for impairment testing. The recoverable amount of the CGU to which the goodwill was allocated has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a four-year period (2017: five-year period) approved by senior management. The Group has appointed an independent professional valuer to perform a value-in-use calculation for impairment assessment on the CGU. Key input in the valuation is as follows:

For the year ended 30 June 2018

The pre-tax discount rate applied to the cash flow projections is 21.89%. The projected sales for the forecasted was prepared base on (i) budgeted sales for the year ended 30 June 2019; and (ii) prudent annualised growth rate of 3% per year for the year ended 30 June 2020 to year ended 30 June 2022.

The estimate forecasted revenue and growth rate of the CGU was prepared by the management of the Company after considering (i) historical operation data; (ii) budgeted sales for the year ended 30 June 2019; (iii) market development during year ended 30 June 2018; and (iv) expected market development in future. The directors consider 3% annualised growth rate was made after due care and at prudent. As a result, a slight impairment of S$1,792,785 was recognised during year ended 30 June 2018.

For the year ended 30 June 2017

The pre-tax discount rate applied to the cash flow projections is 22.96%. The projected sales of approximately RMB1,900 million (equivalent to approximately S$386.7 million) under the agreement was allocated to each of the five years in the projection period based on management's judgement. The revenue amounts used in the valuation model for the periods beyond the five-year period, and hence the gross profit amounts, were extrapolated based on the forecasted revenue for the fifth year even though the agreement would be completed by the end of the five-year period.

Assumptions were used in the value in use calculation of the construction, operation and sale of solar power station projects cash-generating unit. 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.

As the recoverable amount of the CGU was calculated to be lower than its carrying amount, an impairment loss of S$41,163,325 was recognised in the consolidated statement of profit or loss and other comprehensive income.

As the cash-generating unit has been reduced to its recoverable amount of S$16,291,283, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

13. INTERESTS IN JOINT VENTURES

	2018 S$	2017 S$
Unlisted shares, at cost	375,000	375,000
Share of post-acquisition reserves	2,363,762	2,582,955
Share of net assets	2,738,762	2,957,955

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:

	2018 S$	2017 S$
Joint venture's assets and liabilities:		
Cash and cash equivalents	527,883	1,484,759
Other current assets	9,538,991	6,102,809
Current assets	10,066,874	7,587,568
Non-current assets	3,584,668	2,449,928
Current liabilities	(8,175,105)	(4,440,962)
Non-current liabilities	(399,506)	(70,793)
Net assets	5,076,931	5,525,741
Reconciliation to the Group's interest in the joint venture:		
Net assets	5,076,931	5,525,741
Non-controlling interest	(111,121)	–
	4,965,810	5,525,741
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	2,482,905	2,762,870
Revenue	27,775,942	16,731,442
Profit and other comprehensive income for the year attributable to:		
– Owner of YL	2,440,068	1,554,840
– Non-controlling interests	7,121	–
Profit and other comprehensive income for the year	2,447,189	1,554,840
– Depreciation	(232,264)	(172,813)
– Income tax expense	(410,111)	(189,269)
Dividend received#	1,500,000	2,000,000

YL had declared and paid an interim dividend amounting to S$3,000,000 (2017: S$4,000,000) to its shareholders during the year of which Strike Singapore had received dividend amounting to S$1,500,000 during the year (2017: S$2,000,000).

NEK is engaged in the electrical works and mixed construction activities and is accounted for using the equity method.

13. INTERESTS IN JOINT VENTURES *(Continued)*

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

	2018 S$	2017 S$
Joint venture's assets and liabilities:		
Cash and cash equivalents	**1,245,773**	753,250
Other current assets	**641,936**	2,344,953
Current assets	**1,887,709**	3,098,203
Non-current assets	**953,684**	1,000,080
Financial liabilities, excluding trade and other payables	**(61,732)**	(22,178)
Other current liabilities	**(2,255,475)**	(3,616,989)
Current liabilities	**(2,317,207)**	(3,639,167)
Non-current financial liabilities, excluding trade and other payables	**–**	(61,725)
Other non-current liabilities	**(12,472)**	(7,222)
Non-current liabilities	**(12,472)**	(68,947)
Net assets	**511,714**	390,169
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**50%**	50%
Carrying amount of the investment	**255,857**	195,085
Revenue	**3,492,091**	6,765,462
Profit and other comprehensive income for the year	**121,546**	488,396
– Income tax credit (expense)	**21,227**	(45,438)
Dividend received#	**–**	660,000

NEK had declared and paid an interim dividend amounting to S$Nil (2017: S$1,320,000) to its shareholders during the year. Strike Singapore had received dividend amounting to S$Nil during the year (2017: $660,000).

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14. INTERESTS IN AN ASSOCIATE

	2018 S$	2017 S$
Unlisted shares, at cost	125,000	125,000
Share of post-acquisition reserves	354,712	365,779
Share of net assets	479,712	490,779

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:

	2018 S$	2017 S$
Current assets	1,415,177	1,299,585
Non-current assets	41,932	171,084
Current liabilities	(488,531)	(480,677)
Non-current liabilities	(9,155)	(9,155)
Net assets	959,423	981,557
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	479,712	490,779
Revenue	1,509,590	1,019,930
(Loss) profit and other comprehensive (expense) income for the year	(22,134)	84,455

15. PLANT AND EQUIPMENT

	Leasehold Improvement S$	Computer S$	Motor vehicles S$	Office and site equipment S$	Total S$
Group					
Cost:					
At 1 July 2016	85,144	32,899	483,076	194,253	795,732
Additions	179,247	13,007	221,565	41,896	455,715
Disposals	–	–	(91,909)	–	(91,909)
Write-off	(127,832)	(3,635)	–	(3,208)	(134,675)
Derecognised on disposal of subsidiaries	–	(3,809)	(650)	(14,155)	(18,614)
Exchange realignment	1,970	158	1,964	855	4,947
At 30 June 2017 and 1 July 2017	138,529	38,620	614,046	219,641	1,010,836
Additions	–	1,864	65,094	4,803	71,761
Disposals	–	–	(127,416)	–	(127,416)
Exchange realignment	(2,379)	(244)	(3,827)	(1,029)	(7,479)
At 30 June 2018	136,150	40,240	547,897	223,415	947,702
Accumulated depreciation:					
At 1 July 2016	–	24,373	196,675	58,847	279,895
Charge for the year	42,116	8,971	121,861	35,221	208,169
Disposals	–	–	(49,624)	–	(49,624)
Write-off	(32,172)	(3,635)	–	(2,225)	(38,032)
Eliminated on disposal of subsidiaries	–	(479)	(137)	(992)	(1,608)
Exchange realignment	88	74	491	147	800
At 30 June 2017 and 1 July 2017	10,032	29,304	269,266	90,998	399,600
Charge for the year	45,575	5,843	134,975	38,060	224,453
Disposals	–	–	(98,408)	–	(98,408)
Exchange realignment	(365)	(128)	(1,266)	(369)	(2,128)
At 30 June 2018	55,242	35,019	304,567	128,689	523,517
Net carrying value:					
At 30 June 2018	80,908	5,221	243,330	94,726	424,185
At 30 June 2017	128,497	9,316	344,780	128,643	611,236

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

	2018 **S$**	2017 S$
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	**93,514,105**	90,372,813
Less: Progress billings	**(92,770,001)**	(87,118,367)
	744,104	3,254,446
Presented as:		
Gross amount due from customers for contract work in progress	**744,104**	3,254,446

As at 30 June 2018 and 2017, there were no advances received from customers for contract work in progress.

17. INVENTORIES

	2018 **S$**	2017 S$
Raw materials	**9,956**	17,704

18. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

	2018 S$	2017 S$
Trade receivables (non-current):		
Retention sum receivables *(note (a))*	2,096,300	2,470,373
Trade receivables (current):		
Third parties	39,332,270	16,692,098
Retention sum receivables *(note (a))*	10,623,263	2,929,075
Bills receivables	–	4,172,555
	49,955,533	23,793,728
Other receivables (current):		
Advances to staff	–	68,500
Deposits	146,005	118,899
Others *(note (b))*	476,300	12,413,139
	622,305	12,600,538
Total trade receivables, deposits and other receivables *(current)*	50,577,838	36,394,266

Notes:

(a) 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.

(b) As at 30 June 2017, included in the other receivables are amounts of S$5,488,119 and S$6,411,487, representing the consideration receivables for disposal of subsidiaries and the settlement of prepayments of acquisition of subsidiaries respectively. The amounts have been received during the current year.

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

Trade receivables

Trade receivables (excluding retention sum receivables) are non-interest bearing and are generally on terms of 30 to 120 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:

	2018	2017
	S$	S$
Less than 30 days	**17,415,110**	1,049,476
30 to 60 days	**18,461,728**	8,337,172
61 to 90 days	**–**	5,466,983
More than 90 days	**3,455,432**	1,838,467
	39,332,270	16,692,098

As at 30 June 2018 and 2017, 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:

	2018	2017
	S$	S$
Neither past due nor impaired	**35,695,235**	1,049,476
Less than 30 days past due	**181,603**	8,337,172
30 to 60 days past due	**–**	5,466,983
More than 60 days past due	**3,455,432**	1,838,467
	39,332,270	16,692,098

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$
At 1 July 2016	8,949,777
Fair value loss on profit guarantee receivable *(Note 6 and 8(e))*	(8,961,306)
Exchange realignment	11,529
At 30 June 2017, 1 July 2017 and 30 June 2018	–

During the year ended 30 June 2017, a fair value loss on profit guarantee receivable of S$8,961,306 has been recognised in profit or loss, based on the actual performance of the Kahuer Group and the gain on settlement of prepayment for acquisition of subsidiaries, upon the end of profit guarantee period.

20. PREPAYMENTS

	2018 S$	2017 S$
Prepayment for acquisition of properties *(note (a)) (non-current)*	–	1,768,878
Prepayments (current) (note (b))	3,324,082	34,288
Total prepayments	3,324,082	1,803,166

Notes:

(a) At 30 June 2017, included in the prepayments is an amount of S$1,768,878 for acquisition of properties in Taiwan. On 12 January 2018, Max Lucky Corporation Limited, an indirect wholly-owned subsidiary of the Company and the vendor entered into a deed of termination pursuant to which the parties agreed to terminate the Provisional Agreement in relation to the acquisition of properties in Taiwan. Pursuant to the deed of termination, the amount prepayment for acquisition of properties had been fully returned to Max Lucky Corporation Limited on the date of the deed of termination.

(b) At 30 June 2018, included in the prepayments is an amount of S$3,280,858 for prepayment to suppliers for solar photovoltaics parts and equipment.

21. HELD-FOR-TRADING INVESTMENTS

	2018 S$	2017 S$
Listed securities held-for-trading, at fair value:		
Equity securities listed in Hong Kong	**8,450,399**	9,245,609

The above equity investments at 30 June 2018 and 2017 were classified as held-for-trading investments and were accordingly, belonged to the financial assets at fair value through profit or loss category.

Stock code	Company name	Percentage of shareholding as at 30 June 2018	Percentage of shareholding as at 30 June 2017	Market value as at 30 June 2018 S$	Approximate percentage to the Group's net assets as at 30 June 2018	Market value as at 30 June 2017 S$	Approximate percentage to the Group's net assets as at 30 June 2017	Change in fair value of held-for-trading instruments for the years ended(Note 8(c)) 30 June 2018 S$	Change in fair value of held-for-trading instruments for the years ended(Note 8(c)) 30 June 2017 S$
164	China Baoli Technologies Holdings Limited	0.071%	0.072%	363,626	0.46%	828,047	1.27%	(452,110)	(52,331)
197	Heng Tai Consumables Group Limited	–%	0.555%	–	–%	601,419	0.92%	–	8,766
804	Pinestone Capital Limited	0.843%	0.741%	1,216,364	1.55%	1,867,228	2.87%	(708,294)	(3,956,834)
1869	Li Bao Ge Group Limited	0.104%	0.229%	57,719	0.07%	2,654,379	4.08%	(1,129,673)	1,758,449
8423	Chi Ho Development Holdings Limited	1.863%	1.863%	6,812,690	8.67%	3,294,536	5.07%	3,589,857	2,391,186
				8,450,399	10.75%	9,245,609	14.21%	1,299,780	149,236

The market value of the Group's listed equity investments as at the date of approval of these financial statements was approximately S$5,778,984.

22. CASH AND CASH EQUIVALENTS

	2018 S$	2017 S$
Cash at banks and on hand	**14,703,511**	17,165,860

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

22. CASH AND CASH EQUIVALENTS *(Continued)*

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

	2018 S$	2017 S$
HK$	**1,492,045**	3,874,067
Renminbi	**220,083**	6,978
US$	**12,175**	5,461

Renminbi is not freely convertible into other currencies; however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

23. TRADE AND OTHER PAYABLES

	2018 S$	2017 S$
Trade payables and other payables (non-current):		
Retention sum payables	**–**	44,168
Trade payables (current):		
Third parties	**4,962,939**	2,992,211
Retention sum payables	**580,608**	529,202
	5,543,547	3,521,413
Accruals for project costs (Note (a)) (current)	**5,661,266**	10,536,103
Other payables:		
Promissory notes payable *(Note 28(b))*	**–**	6,022,421
Accrued liabilities	**724,859**	626,652
GST/VAT payable	**1,412,526**	201,850
Due to related parties *(Note 28(b))*	**–**	165,366
Due to a joint venture *(Note (b) and 28(b))*	**900,000**	–
Others	**66,147**	73,018
	3,103,532	7,089,307
Total	**14,308,345**	21,146,823

Note:

(a) The amount represents the accrued project costs for the provision of electrical engineering services.

(b) The amount due to a joint venture is unsecured, interest-free and has no fixed terms of repayment.

23. TRADE AND OTHER PAYABLES *(Continued)*

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:

	2018 S$	2017 S$
Trade payables:		
Less than 90 days	**4,962,939**	2,992,211
90 to 180 days	**–**	–
	4,962,939	2,992,211

24. 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 2016	38,167	757,148	795,315
Charged to profit or loss during the year *(Note 10)*	2,163	–	2,163
Recognised during the disposal *(Note 27)*	–	(752,091)	(752,091)
Exchange realignment	–	(4,247)	(4,247)
At 30 June 2017 and 1 July 2017	40,330	–	40,330
Charged to profit or loss during the year *(Note 10)*	(10,108)	–	(10,108)
As at 30 June 2018	30,222	–	30,222

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25. SHARE CAPITAL

Shares

	2018 S$	2017 S$
Issued and fully paid:		
1,185,600,000 (2017: 836,000,000) ordinary shares of HK$0.01 each (2017: HK$0.01 each) *(note (a) and (b))*	**2,000,400**	1,396,622

Note:

(a) On 6 July 2017, the Company issued and allotted 152,000,000 new ordinary shares by way of placing at a placing price of HK$0.266 per share.

(b) On 5 March 2018, the Company issued and allotted 197,600,000 new ordinary shares by way of placing at a placing price of HK$0.195 per share.

26. RESERVES

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

	Number of shares in issue	Issued share capital S$	Share premium S$	Total S$
At 1 July 2016	760,000,000	1,261,436	76,984,011	78,245,447
Issue of share *(note (a))*	76,000,000	135,186	5,352,701	5,487,887
At 30 June 2017 and 1 July 2017	836,000,000	1,396,622	82,336,712	83,733,334
Issue of share *(note (b) and (c))*	349,600,000	603,778	12,907,923	13,511,701
At 30 June 2018	1,185,600,000	2,000,400	95,244,635	97,245,035

Note:

(a) During the year ended 30 June 2017, certain share options holders exercised their option rights to subscribe for an aggregate of 76,000,000 shares at an exercise price of HK$0.305.

(b) On 6 July 2017, the Company issued and allotted 152,000,000 new ordinary shares by way of placing at a placing price of HK$0.266 per share.

(c) On 5 March 2018, the Company issued and allotted 197,600,000 new ordinary shares by way of placing at a placing price of HK$0.195 per share.

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.

27. DISPOSAL OF SUBSIDIARIES

On 12 May 2017, Loydston International Limited, a subsidiary of the Company, entered into a sale and purchase agreement with an independent third party to dispose of the entire equity interest of 開合新能源(鎮江)有限公司 (Kaihe New Energy (Zhenjiang) Company Limited*) and its subsidiaries (the "**Disposal Group**") at a consideration of RMB30,000,000 (equivalent to approximately S$6,097,910).

The disposal was completed on 25 May 2017. Net assets of the Disposal Group as at the date of disposal were as follows:

	S$
Plant and equipment	17,006
Inventories-materials	7,619,783
Inventories-contracts	3,011,606
Trade receivables, deposits and other receivables	6,973,742
Prepayments	9,860,930
Cash and cash equivalents	26,197
Trade and other payables	(7,018,927)
Income tax payables	(24,051)
Deferred tax liabilities	(752,901)
Interest-bearing borrowings	(17,277,411)
Net assets disposed of	2,435,974
Total Consideration:	
Consideration received in cash and cash equivalents	609,791
Consideration receivable	5,488,119
	6,097,910
Gain on disposal of subsidiaries *(Note 6)*:	
Total consideration	6,097,910
Net assets disposed of	(2,435,974)
Non-controlling interests	974,389
Release of cumulative exchange differences on translation of foreign operations	(13,867)
	4,622,458
Net cash inflow arising on disposal:	
Consideration received	609,791
Cash and cash equivalents disposed of	(26,197)
	583,594

28. 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	**2018 S$**	2017 S$
Sub-contractor fees charged by			
– joint ventures	*(i)*	**3,198,982**	3,862,804
– an associate	*(i)*	**12,603**	219,312
Operating expenses recharged by a related company	*(ii)*	**13,972**	13,479
Rental expenses charged by a related company	*(iii)*	**223,440**	223,440
Secretarial fees charged to			
– joint ventures	*(iv)*	**2,400**	2,400
– an associate	*(iv)*	**1,200**	1,200
Sales of materials charged by			
– joint ventures	*(v)*	**680**	7,455
– an associate	*(v)*	**–**	2,200
Sales of materials charged to			
– joint ventures	*(vi)*	**3,240**	–
Sales of motor vehicle charged to a joint venture	*(vii)*	**42,000**	62,000
Operating expense charged to joint ventures	*(viii)*	**4,315**	–

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 charges for the office premises 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 sold materials to the joint ventures.

(vi) During the year, Strike Singapore had made purchase of raw materials from the joint ventures.

(vii) During the year, Strike Singapore sold a motor vehicle to a joint venture.

(viii) Operating expenses charged to joint ventures mainly referred to expenses incurred by the foreign workers of joint ventures.

28. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Outstanding balances with related parties:

	Note	2018 S$	2017 S$
Promissory notes payable to an individual shareholder	*(i)*	–	6,022,421
Due to an individual shareholder	*(i)*	–	165,366
Due to a joint venture		900,000	–
Total		900,000	6,187,787

Notes:

(i) The Group had an outstanding balance and promissory notes due to a substantial shareholder of S$165,366 and S$6,022,421 as at 30 June 2017. The promissory notes payable is unsecured, interest-free and matured on 27 May 2017. These amounts were settled during the year ended 30 June 2018.

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

(c) Commitment with related parties

(i) The lease agreement for the lease of office premises entered into between Strike Singapore and Victrad was expired on 30 June 2018 and subsequently renewed for another 1 year after the financial year end.

(ii) The lease agreement for the lease of workers dormitory units entered into between Strike Singapore and Victrad was expired on 30 June 2018 and subsequently renewed for another 1 year after the financial year end.

(iii) The amount of total rental expenses charged by Victrad during the year is included in Note 28(a)(iii) to the consolidated financial statements. The operating lease commitments in respect of the above leases as at the end of reporting period amounted to S$Nil (2017: S$86,084).

28. RELATED PARTY TRANSACTIONS *(Continued)*

(d) Compensation of key management personnel of the Group

	2018 S$	2017 S$
Directors' fees	525,601	374,951
Salaries and bonuses	1,108,877	863,569
Share-based payment expense	–	279,936
Pension scheme contributions	85,021	76,535
	1,719,499	1,594,991
Comprise amounts paid to:		
Directors of the Company	869,182	923,545
Key management personnel	850,317	671,446
	1,719,499	1,594,991
Related parties		
Remuneration paid to close family members of key management personnel	–	4,330

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

During the year ended 30 June 2017, the Group disposed of the entire issued share capital of Kaihe New Energy to an independent third party at a consideration of S$6,097,910. The consideration receivable of S$5,488,119 has not been received at 30 June 2017.

During the year ended 30 June 2017, the prepayments for acquisition of subsidiaries was settled at a consideration of S$7,114,228. The consideration receivable of S$6,411,487 has not been received at 30 June 2017.

30. CONTINGENT LIABILITIES

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

	2018 S$	2017 S$
Guarantees:		
Security bonds to the Singapore Government in relation to foreign workers	**390,000**	615,000

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 2018, the guarantees provided by the Insurer was S$390,000 (2017: S$615,000).

31. COMMITMENTS

Operating lease commitments

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:

	2018 S$	2017 S$
Amount payable within 1 year	**384,527**	414,204
Amount payable within 1 year to 3 years	**197,817**	831,669
	582,344	1,245,873

Capital commitments

	2018 S$	2017 S$
Commitments contracted for but not provided in the consolidated financial statements in respect of acquisition of a company	**14,221,526**	–
Commitments contracted for but not provided in the consolidated financial statements in respect of acquisition of properties	**–**	3,537,756

32. 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:

2018

Financial assets

	Financial assets at fair value through profit or loss Held-for-trading S$	Financial assets at amortised cost Loans and receivables S$	Total S$
Held-for-trading investments	8,450,399	–	8,450,399
Trade receivables, deposits and other receivables	–	52,674,138	52,674,138
Cash and cash equivalents	–	14,703,511	14,703,511
	8,450,399	67,377,649	75,828,048

Financial liabilities

	Financial liabilities at amortised cost S$
Trade and other payables (excluding GST payable and accrued liabilities)	12,170,960

32. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2017

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	
	Held-for-trading S$	Loans and receivables S$	Total S$
Held-for-trading investments	9,245,609	–	9,245,609
Trade receivables, deposits and other receivables	–	38,864,639	38,864,639
Cash and cash equivalents	–	17,165,860	17,165,860
	9,245,609	56,030,499	65,276,108

Financial liabilities

	Financial liabilities at amortised cost S$
Trade and other payables (excluding GST payable and accrued liabilities)	20,362,489

33. SHARE OPTION SCHEME

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

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

(a) The purpose of the Share Option Scheme is to provide incentive and/or reward to eligible participants for their contributions to, and continuing efforts to promote the interests of, the Company.

(b) Eligible participants ("**Eligible Participants**") include full time or part time employees of the Company (including any directors, whether executive or non-executive and whether independent or not, of the Company); and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Company.

(c) The subscription price for shares under the Share Option Scheme may be determined by the board of directors at its absolute discretion but in any event will not be less than the highest of:

(i) the closing price of the shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer Date, which must be a business day;

(ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the offer Date; and

(iii) the nominal value of the share on the offer Date.

(d) Maximum number of share available for issue

(i) Subject to the Listing Rules, the overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the relevant class of Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.

(ii) Subject to the limit mentioned in (d)(i) above, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the Shares in issue as at the date of the approval of the Share Option Scheme (the "**Scheme Mandate Limit**"), unless Shareholders' approval has been obtained pursuant to sub-paragraphs (iii) and (iv) below. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

33. SHARE OPTION SCHEME *(Continued)*

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

(iii) Subject to the limit mentioned in (d)(i) above, the Company may refresh the Scheme Mandate Limit at any time subject to approval of the shareholders in general meeting, provided that the Scheme Mandate Limit as refreshed must not exceed 10% of the shares in issue as at the date of passing the relevant resolution. Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Options) will not be counted for the purpose of calculating the this limit. The Company must send a circular to the shareholders containing such information as required under the Listing Rules.

(iv) Subject to the limit mentioned in (e)(i) above, the Company may also seek separate approval of the Shareholders in general meeting for granting options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the shareholders containing a generic description of the specified Eligible Participants, the number and terms of options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the terms of the options serve such purpose and such other information as required under the Listing Rules.

(e) The total number of shares issued and to be issued upon exercise of the options granted to each Eligible Participant or grantee (including exercised and outstanding options) in any twelve-month period up to the date of grant shall not exceed 1% of the shares in issue

(f) Subject to the terms of the Share Option Scheme, an option may be exercised in whole or in part at any time during the period to be determined and notified by the directors to the grantee thereof at the time of making an offer provided that such period shall not exceed the period of ten years from the date of the grant of the particular option but subject to the provisions for early termination of the Share Option Scheme (the "**Option Period**"). There is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms of the Share Option Scheme.

At the end of the reporting period, no share options remains outstanding under the Share Option Scheme. During the year ended 30 June 2017, 76,000,000 share options have been granted under the Share Option Scheme.

33. SHARE OPTION SCHEME *(Continued)*

During the year ended 30 June 2017, the Company's share options granted under the share option schemes are as follows:

Date of grant	Category of eligible persons	Exercise price (HK$)	Exercise period	Outstanding at 1 July 2016	Granted during the year	Exercised during the year	Outstanding at 30 June 2017
15 May 2017	Directors	0.305	15 May 2017 to 14 May 2018	–	15,200,000	(15,200,000)	–
	Employees	0.305	15 May 2017 to 14 May 2018	–	60,800,000	(60,800,000)	–
			Total	–	76,000,000	(76,000,000)	–
			Exercisable at the end of the year	–			–
			Weighted average exercise price (HK$)	–	0.305	0.305	–

The fair value of options granted under the Share Option Scheme measured at the date of grant during the year ended 30 June 2017 was S$1,364,689. The following significant assumptions were used to derive the fair values using the Binomial Model:

Date of grant	15 May 2017
Exercise price	HK$0.305
Expected volatility	90.36%
Expected life	1 year
Risk-free rate	0.54%
Stock price at the date of grant	HK$0.300
Expected dividend yield	0%

Expected volatility was determined by using the historical volatility of the Company's share price over certain historical periods. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised a total expense of S$1,364,689 for the year ended 30 June 2017 in relation to share option granted by the Company.

34. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiary of the Group that have material non-controlling interest:

Name of subsidiary	Place of incorporation and principal place of business	Proportion ownership interests and voting rights held by non-controlling interest		Total profit allocated to non-controlling interest		Accumulated non-controlling interest	
		30 June 2018	30 June 2017	30 June 2018 S$	30 June 2017 S$	30 June 2018 S$	30 June 2017 S$
Kahuer Group	The BVI/The PRC	40%	40%	922,987	7,555,151	9,177,021	8,145,116
Individually immaterial subsidiaries with non-controlling interests				216,086	–	166,867	–
				1,139,073	7,555,151	9,343,888	8,145,116

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Kahuer Group

	2018 S$	2017 S$
Current assets	37,509,684	34,063,697
Non-current assets	2,657	192,117
Current liabilities	(14,569,788)	(13,848,856)
Non-current liabilities	–	(44,168)
Equity attributable to owners of the Company	13,765,532	12,217,674
Non-controlling interests	9,177,021	8,145,116
Revenue	35,765,764	32,605,901
Expenses	(33,458,296)	(13,718,023)
Profit for the year	2,307,468	18,887,878
Total comprehensive income for the year	2,579,763	18,817,658
Cash flows from operating activities	125,837	(13,152,642)
Cash flows from investing activities	(2,002)	563,986
Cash flows from financing activities	–	11,552,742

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 their carrying amounts largely due to short term maturities of these instruments.

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 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	S$	S$	S$	S$
Equity investments at fair value through profit or loss				
– Held-for-trading investment	8,450,399	–	–	8,450,399

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

Fair value hierarchy *(Continued)*

Assets measured at fair value *(Continued)*

As at 30 June 2017

	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	9,245,609	–	–	9,245,609

Reconciliation of Level 3 fair value measurements

The Group did not have any financial liabilities measured at fair value as at 30 June 2018 and 2017.

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 (2017: Nil).

The Group's principal financial instruments comprise of held-for-trading investments and cash and bank balances. 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 summarized 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:

	2018 Increase (decrease) in profit before tax S$	2017 Decrease (increase) in loss before tax S$
HK$ – strengthened 5% (2017: 5%)	**74,602**	193,703
– weakened 5% (2017: 5%)	**(74,602)**	(193,703)
US$ – strengthened 5% (2017: 5%)	**609**	273
– weakened 5% (2017: 5%)	**(609)**	(273)
Renminbi – strengthened 5% (2017: 5%)	**11,004**	349
– weakened 5% (2017: 5%)	**(11,004)**	(349)

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 or two years.

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

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 investments (Note 21) as at 30 June 2018 and 2017. 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 2018	**High/low 2018**
Hong Kong – Hang Seng Index	**28,955**	**33,484/25,200**

	30 June 2017	High/low 2017
Hong Kong – Hang Seng Index	25,765	26,090/20,304

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$**	**Increase (decrease) in equity* S$**
2018			
Investments listed in:			
Hong Kong – Held-for-trading	**8,450,399**	**422,520**	**–**

* Excluding retained profits

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

Equity price risk *(Continued)*

	Carrying amount of equity investments S$	Decrease (increase) in loss before tax S$	Increase (decrease) in equity* S$
2017			
Investments listed in:			
Hong Kong – Held-for-trading	9,245,609	462,280	–

* 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 ongoing basis. At the end of the reporting period, approximately 89% (2017: 59%) of the Group's trade receivables were due from the top 3 (2017: top 3) 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.

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

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 2018 and 2017.

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 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:

	2018 **S$**	2017 S$
Trade and other payables	**14,308,345**	21,190,991
Less: Cash and cash equivalents	**(14,703,511)**	(17,165,860)
Net (cash) debt	**(395,166)**	4,025,131
Equity attributable to owners of the parent	**69,198,213**	56,892,503
Capital and net debt	**68,803,047**	60,917,634
Gearing ratio	**N/A**	7%

37. EVENTS AFTER THE REPORTING PERIOD

On 29 March 2018, the Company entered into a conditional sales and purchase agreement ("**Agreement**") in relation to the acquisition of Jiangsu Huihua Photovoltaic Limited ("**Target Company**"), (the "**Acquisition**").

As of the date of report, all conditions precedent of the Agreement have been fulfilled while the Acquisition had not completed as the relevant government department in the PRC is still in the course of processing the registration of the transfer of the registered capital of the Target Company.

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:

	2018 S$	2017 S$
NON-CURRENT ASSETS		
Investments in subsidiaries	3,820,009	3,820,003
Amount due from subsidiaries	34,414,905	27,229,472
Total non-current assets	38,234,914	31,049,475
CURRENT ASSETS		
Prepayments	35,745	29,348
Cash and cash equivalents	209,930	3,532,247
Total current assets	245,675	3,561,595
CURRENT LIABILITY		
Other payables	322,496	6,339,039
Total current liability	322,496	6,339,039
NET CURRENT LIABILITIES	(76,821)	(2,777,444)
Net assets	38,158,093	28,272,031
EQUITY		
Share capital	2,000,400	1,396,622
Reserves *(note)*	36,157,693	26,875,409
Total equity	38,158,093	28,272,031

The Company's statement of financial position was approved and authorised for issue by the board of directors on 27 September 2018 and signed on its behalf by:

Liu Yancheng
Director

Yao Runxiong
Director

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

The movements of the reserves are as follows:

	Share capital S$	Share premium S$	Share option reserve S$	Retained profits (accumulated losses) S$	Total equity S$
At 1 July 2016	1,261,436	76,984,011	–	4,374,649	82,620,096
Loss and total comprehensive expenses for the year	–	–	–	(59,835,952)	(59,835,952)
Grant of share options	–	–	1,364,689	–	1,364,689
Exercise of share options	135,186	5,352,701	(1,364,689)	–	4,123,198
At 30 June 2017 and 1 July 2017	1,396,622	82,336,712	–	(55,461,303)	28,272,031
Loss and total comprehensive expenses for the year	–	–	–	(3,625,639)	(3,625,639)
Issue of shares	603,778	12,907,923	–	–	13,511,701
At 30 June 2018	2,000,400	95,244,635	–	(59,086,942)	38,158,093

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Directors on 27 September 2018.

Five Year Financial Summary

30 June 2018

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:

	2018 S$	2017 S$	2016 S$	2015 S$	2014 S$
Revenue	**68,328,311**	57,648,773	21,501,034	11,826,488	22,628,928
Cost of sales	**(62,880,366)**	(38,384,602)	(18,479,236)	(8,192,581)	(13,515,642)
Gross profit	**5,447,945**	19,264,171	3,021,798	3,633,907	9,112,656
Other gains and losses	**142,656**	(1,259,532)	2,562,882	613,952	51,447
Administrative expenses	**(4,478,442)**	(5,006,815)	(1,985,768)	(1,417,087)	(2,771,721)
Impairment loss recognised in respect of goodwill	**(1,792,785)**	(41,163,325)	–	–	–
Other expenses	**(306,544)**	(260,749)	(898,060)	(307,682)	(292,496)
Finance costs	**(7,572)**	(9,721)	(39,114)	(258)	(2,568)
Share of result of joint ventures	**1,280,807**	1,021,618	2,028,361	1,470,714	499,930
Shares of results of an associate	**(11,067)**	42,228	(118,107)	267,858	426,059
Profit (loss) before tax	**274,998**	(27,372,125)	4,571,992	4,261,404	7,023,307
Income tax expense	**(976,071)**	(4,062,584)	(587,357)	(373,953)	(1,276,038)
(Loss) profit for the year	**(701,073)**	(31,434,709)	3,984,635	3,887,451	5,747,269
Attributable to owners of the Company	**(1,840,146)**	(38,989,860)	3,982,201	3,887,451	5,747,269
Non-controlling interests	**1,139,073**	7,555,151	2,434	–	–
	(701,073)	(31,434,709)	3,984,635	3,887,451	5,747,269
Assets and liabilities:					
Total assets	**98,227,907**	90,702,677	114,395,352	27,334,725	27,243,334
Total liabilities	**(19,685,806)**	(25,665,058)	(22,957,723)	(4,246,963)	(8,043,023)
Total equity	**78,542,101**	65,037,619	91,437,629	23,087,762	19,200,311
Equity attributable owners of the Company	**69,198,213**	56,892,503	90,401,011	23,087,762	19,200,311
Non-controlling interests	**9,343,888**	8,145,116	1,036,618	–	–
	78,542,101	65,037,619	91,437,629	23,087,762	19,200,311