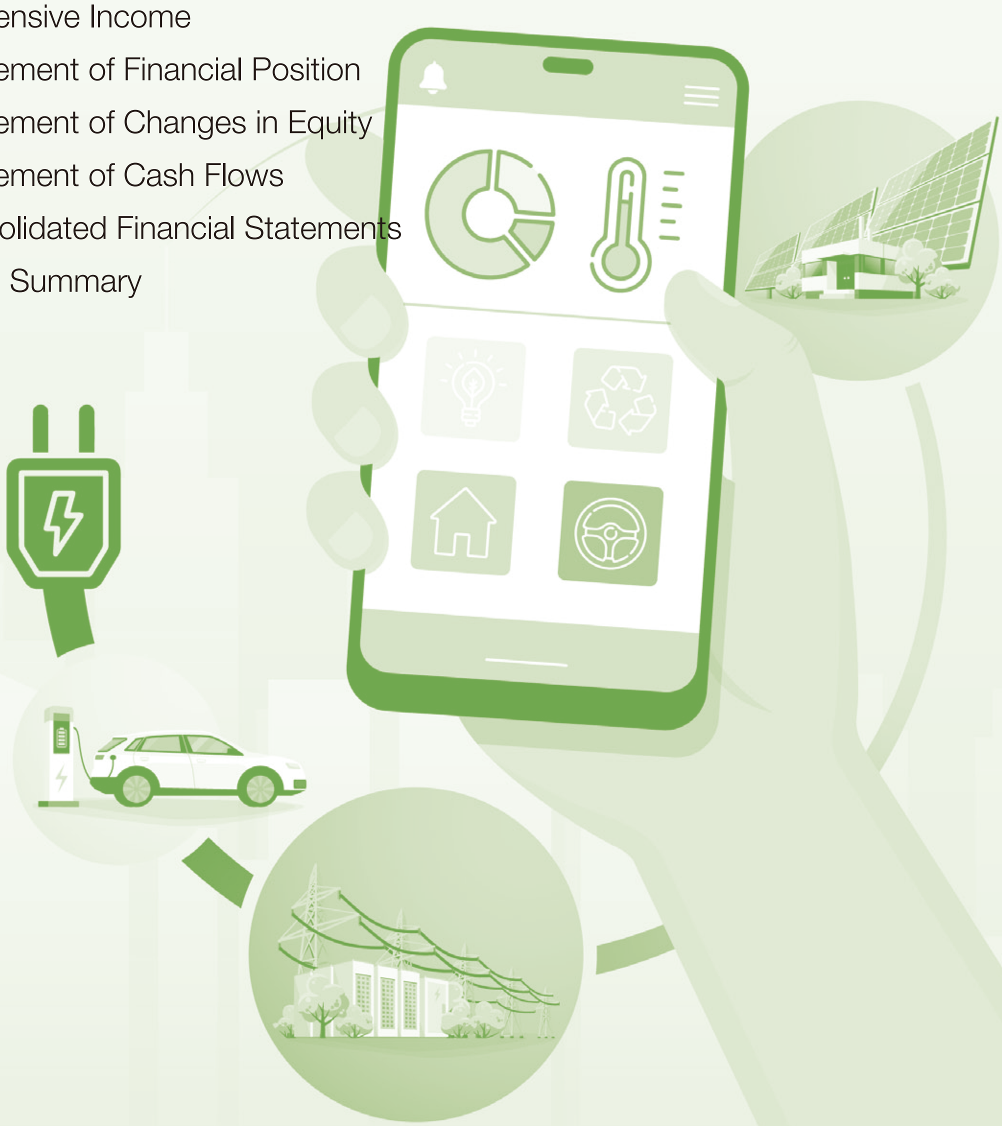
KINGBO STRIKE LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1421

ANNUAL REPORT
2023/2024

CONTENTS



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Yancheng *(Chairman)*
Mr. Yao Runxiong
Mr. Wu Yifeng *(appointed on 5 July 2024)*

Non-executive Director

Mr. Tam Tak Wah *(ceased on 15 December 2023)*

Independent Non-executive Directors

Mr. Leung Po Hon *(resigned on 19 January 2024)*
Mr. Li Jin *(resigned on 1 March 2024)*
Dr. Luo Xiaodong
Mr. Chen Yeung Tak *(appointed on 26 January 2024)*
Mr. Wang Haoyuan *(appointed on 1 March 2024)*
Ms. Ye Jieting *(appointed on 1 March 2024 and resigned on 19 July 2024)*

AUDIT COMMITTEE

Mr. Chen Yeung Tak *(Chairman)* *(appointed on 26 January 2024)*
Mr. Wang Haoyuan *(appointed on 1 March 2024)*
Ms. Ye Jieting *(appointed on 1 March 2024 and resigned on 19 July 2024)*
Mr. Leung Po Hon *(resigned on 19 January 2024)*
Mr. Li Jin *(resigned on 1 March 2024)*
Dr. Luo Xiaodong
Mr. Tam Tak Wah *(ceased on 15 December 2023)*

NOMINATION COMMITTEE

Mr. Liu Yancheng *(Chairman)*
Mr. Leung Po Hon *(resigned on 19 January 2024)*
Mr. Li Jin *(resigned on 1 March 2024)*
Dr. Luo Xiaodong
Mr. Chen Yeung Tak *(appointed on 26 January 2024)*
Mr. Wang Haoyuan *(appointed on 1 March 2024)*

REMUNERATION COMMITTEE

Mr. Chen Yeung Tak *(Chairman)* *(appointed on 26 January 2024)*
Mr. Wang Haoyuan *(appointed on 1 March 2024)*
Ms. Ye Jieting *(appointed on 1 March 2024 and resigned on 19 July 2024)*
Mr. Leung Po Hon *(resigned on 19 January 2024)*
Mr. Li Jin *(resigned on 1 March 2024)*
Dr. Luo Xiaodong
Mr. Tam Tak Wah *(ceased on 15 December 2023)*

AUDITORS

Moore CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Agricultural Bank of China Limited
Bank of Communications 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

Unit 1202, 12th Floor,
Mirror Tower,
No. 61 Mody Road,
Tsim Sha Tsui East, Hong Kong

COMPANY SECRETARY

Mr. Yiu Ngai Chiu *(appointed on 18 December 2023)*
Mr. Kwong Lun Kei, Victor, Solicitor *(appointed on 1 October 2023 and resigned on 18 December 2023)*
Mr. Ng Kwok Leung *(resigned on 1 October 2023)*

AUTHORISED REPRESENTATIVES

Mr. Yiu Ngai Chiu *(appointed on 18 December 2023)*
Mr. Kwong Lun Kei, Victor, Solicitor *(appointed on 1 October 2023 and resigned on 18 December 2023)*
Mr. Ng Kwok Leung *(resigned on 1 October 2023)*
Mr. Yao Runxiong

WEBSITE OF THE COMPANY

www.kingbostrike.com

Chairman Statement

BUSINESS OVERVIEW

The solar power business and electrical distribution system constitutes the main revenue stream for Kingbo Strike Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"). For the financial year ended 30 June 2024, the Group recorded an increase in its total revenue, which was due to gradual recovery of the business from the pandemic. The decrease in gross profit margin of the Group is a result of the compressed gross profit margin for the electrical distribution system business.

During the year, the Group has recognised a revenue of approximately HK$61.9 million (2023: approximately HK$38.5 million) from the solar power business for the financial year ended 30 June 2024. Electrical distribution system business had contributed a revenue of approximately HK$98.9 million (2023: approximately HK$43.0 million) for the financial year ended 30 June 2024. With progressive lifting of social distancing measures and re-opening of the border since January 2023, businesses gradually return to a normal course of development in the PRC.

The Group is currently balancing its resources allocation between its solar power business and electrical distribution system business in order to optimize its operation. Meanwhile, the Group is also making solid effort to explore new customers and new contracts of its electrical distribution system business and to maintain the existing business operation of its solar power business.

To further broadening its revenue base, the Group has devoted time and effort in purporting to expand its business segments to the healthcare and beauty industry over the last few years. Through its wholly-owned subsidiary, the Group has applied for patents registration at the China National Intellectual Property Administration. As at the date of this report, 3 patents have already been obtained and the healthcare and beauty business is under progress, of which the Group expects to commence its sale in the fourth quarter of 2024.

Looking forward, the Group will place efforts in seeking businesses with stable return and higher potential, including but not limited to its existing businesses.

Liu Yancheng
Chairman

Management Discussion and Analysis

BUSINESS REVIEW

During the financial year ended 30 June 2024, the performance of the Group in different business segments were as follows:

Solar Power Business

The Group's solar power business mainly engaged in the supply and installation of solar PV parts and equipment. The Group has recognised a revenue of approximately HK$61.9 million from the solar power business for the financial year ended 30 June 2024, which is at a higher revenue level compared to the financial year ended 30 June 2023 of approximately HK$38.5 million.

Electrical Distribution System

The Group's electrical distribution system business refers to the supply and installation of electrical distribution system (including distribution board, junction box, cables and switches etc.) and energy storage power system. The Group had recognised a revenue of approximately HK$98.9 million for the financial year ended 30 June 2024, this results in an increase compared to the revenue of approximately HK$43.0 million for the financial year ended 30 June 2023.

Discussions of the Group's environmental policies and performance, compliance with the relevant laws and regulations that have a significant impact thereon, and key relationships with its stakeholders are included in the Environmental, Social and Governance Report as set out on pages 38 to 47 in this annual report.

BUSINESS PROSPECT

With progressive lifting of social distancing measures and re-opening of the border since January 2023, businesses gradually return to a normal course of development in the PRC. Moreover, the rebound in electrical distribution system business was noted during the period. Nonetheless, the Company remains confident in the business recovery in the PRC after certain market consolidation.

Looking ahead, the Group will continue to sustain its principal businesses and make solid efforts in seeking for good business opportunities so as to enhance the value of the Company for the shareholders.

FINANCIAL REVIEW

The Group's revenue has increased by 97.2% from approximately HK$81.5 million for the financial year ended 30 June 2023 to approximately HK$160.7 million for the financial year ended 30 June 2024. Loss attributable to owners of the Company and loss per share attributable to ordinary equity holders of the Company for the financial year ended 30 June 2024 amounted to approximately HK$47.3 million and HK$53.0 cents respectively, compared to approximately HK$61.6 million and HK$87.5 cents respectively for the financial year ended 30 June 2023.

Financial Results

Revenue

For the financial year ended 30 June 2024, revenue of the Group mainly comprises of revenue generated from the following two business segments of the Group:

Solar Power Business

The Group has recognised revenue of approximately HK$61.9 million from the solar power business for the financial year ended 30 June 2024, which is an increase of 60.8% compared to approximately HK$38.5 million from that of last year.

Electrical Distribution System

The Group has recognised revenue of approximately HK$98.9 million for the financial year ended 30 June 2024, which is an increase of 129.7% compared to approximately HK$43.0 million for the financial year ended 30 June 2023.

Operating Results

Gross profit margin of the Group has narrowed by 44.6% from 6.7% for the financial year ended 30 June 2023 to 3.7% for the financial year ended 30 June 2024. This is mainly attributable to the compressed gross profit margin in electrical distribution system businesses.

The operating results of the Group has recorded a decrease of loss from approximately HK$61.6 million for the financial year ended 30 June 2023 to approximately HK$47.3 million for the financial year ended 30 June 2024. The decrease in loss is primarily attributable to the combined effect of the slight increase in gross profit from approximately HK$5.4 million to approximately HK$5.9 million, and decrease in expected credit loss recognised in respect of financial assets at amortised cost from approximately HK$26.7 million to approximately HK$20.3 million.

Other Gains and Losses, Net

Other gains and losses had decreased from a net gain of approximately HK$0.9 million for the year ended 30 June 2023 to a net gain of approximately HK$0.5 million for the financial year ended 30 June 2024. It was mainly due to the decrease in bank interest income of approximately HK$0.5 million.

Change in Fair Value of Financial Assets at Fair Value through Profit or Loss, net

The decrease in the loss in fair value of financial assets is attributable to the decrease in fair value loss on financial assets at fair value through profit or loss by 98.5% to approximately HK$0.03 million for the year ended 30 June 2024 (2023: HK$1.9 million).

Administrative Expenses

Administrative expenses for the financial year ended 30 June 2024 have decreased by 2.1% to approximately HK$26.7 million (2023: HK$27.3 million).

Other Operating Expenses

Other operating expenses of the Group have increased to approximately HK$1.4 million for the year ended 30 June 2024 (2023: HK$0.5 million).

Income Tax Expense

Income tax expense has decreased by 17.8% from approximately HK$1.8 million for the financial year ended 30 June 2023 to approximately HK$1.5 million for the financial year ended 30 June 2024. This is primarily attributable to a decrease in profit from businesses in the PRC.

Employment and Remuneration Policy

As at 30 June 2024, total number of employees of the Group was 35 (2023: 35). During the financial year ended 30 June 2024, employees costs (including Directors' emoluments) amounted to approximately HK$17.9 million (2023: HK$17.1 million). Remuneration of the employees which included salaries, discretionary bonuses and share-based incentives was based on the Group's results and individual performances. Medical and retirement benefits schemes were made available to qualified individuals.

The Group joined the Mandatory Provident Fund Scheme ("**MPF**"), and Central Pension Scheme (the "**CPS**") in Hong Kong and the PRC, respectively.

Under the MPF scheme, the Group and its employees in Hong Kong make monthly contributions at 5% of the employee's earning capped at HK$1,500 per month to the scheme. Contributions to the scheme vests immediately. No forfeited contributions are available to reduce the contribution payable in future years as at 30 June 2024 and 30 June 2023.

Financial Position

As at 30 June 2024, total assets of the Group were approximately HK$227.3 million (30 June 2023: HK$250.7 million), representing a decrease of 9.3% as compared with that of 2023, among which current assets decreased by 11.2% to approximately HK$219.5 million (30 June 2023: HK$247.3 million).

The decrease in current assets of the Group was mainly attributed to the combined effect of increase in inventories of approximately HK$31.7 million, increase in trade receivables, deposits and other receivables of approximately HK$26.8 million, decrease in prepayment of approximately HK$95.8 million, decrease in financial assets at fair value through profit and loss of approximately HK$1.5 million, and increase in cash and cash equivalent of approximately HK$10.6 million.

As at 30 June 2024, total liabilities of the Group amounted to approximately HK$75.5 million (30 June 2023: HK$69.6 million), which is an increase of 8.5% as compared with that of 2023, among which current liabilities increased by 9.7% to HK$74.1 million (30 June 2023: HK$67.5 million), whereas non-current liabilities decrease by HK$0.7 million compared with the financial year ended 30 June 2023. The increase in current liabilities is mainly due to the combined effect of increase in trade payable, decrease in bank borrowings and lease liabilities. The decrease in non-current liabilities was mainly attributable to the decrease in lease liabilities.

Total equity of the Company has decreased by 16.2% to approximately HK$151.7 million as at 30 June 2024 (30 June 2023: HK$181.0 million). This is mainly due to the loss of the financial year of approximately HK$44.1 million and the proceeds from right issue of share of the Company of approximately HK$16.0 million.

Liquidity, Financial Resources and Gearing

As at 30 June 2024, the Group maintained net current assets of approximately HK$145.4 million (30 June 2023: HK$179.8 million). Besides, the Group maintained cash and cash equivalents of approximately HK$24.3 million, of which 29.33% were denominated in Hong Kong dollars (30 June 2023: HK$13.7 million, of which 16.3% and 59.2% were denominated in Hong Kong dollars and Singapore dollars respectively).

The Group's gearing ratio was 0.27 (30 June 2023: 0.25), which was calculated on the basis of net debt over equity attributable to owners of the Company. Net debt is calculated as total borrowings plus amount due to a director plus trade and other payables less cash and cash equivalents.

Charge on Assets

As at 30 June 2024, the Group had no charge on its assets (30 June 2023: Nil).

Capital Structure

2023 Placing

On 24 May 2023, the Company entered into a placing agreement (the "**2023 Placing Agreement**") with Gransing Securities Co., Limited, pursuant to which Gransing Securities Co., Limited agreed to place up to 13,902,800 new shares of the Company to not less than six placees on a best effort basis at a placing price of HK$0.22 per placing share (the "**2023 Placing**"). The Placing was completed on 12 June 2023 and 13,902,800 new shares of the Company with an aggregate nominal value of HK$2,780,560 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$0.22 represented (i) a discount of approximately 1.35% to the closing price of HK$0.223 per share as quoted on the Stock Exchange on 24 May 2023, being the date of the 2023 Placing Agreement; and (ii) equivalent to the average closing price of HK$0.22 per share of the Company as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to date of the 2023 Placing Agreement. The net placing price for the 2023 Placing was approximately HK$0.21 per placing share.

The 2023 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$2.9 million arising from the 2023 Placing shall be fully applied as general working capital of the Group.

As at 30 June 2023, the Group had utilised the net proceeds of the 2023 Placing as follows:

Intended use of net proceeds	Allocation of net proceeds HK$ (million)	Utilisation up to the financial year ended 30 June 2023 HK$ (million)	Utilisation up to the financial year ended 30 June 2024 HK$ (million)
General working capital of the Group	**2.9**	**0.9**	**2.9**

The following table sets out the breakdown of the use of proceeds of the 2023 Placing as general working capital of the Group:

	Utilisation as at the financial year ended 30 June 2023 HK$ (million)	Utilisation as at the financial year ended 30 June 2024 HK$ (million)
Human resources	**0.8**	**2.3**
Other general expenses	**0.1**	**0.6**
Total	**0.9**	**2.9**

The utilisation of net proceeds was in accordance to the original intention disclosed in the announcement of the Company dated 24 May 2023 in relation to the 2023 Placing.

2024 Right Issue

On 22 March 2024, the Company announced that the Board proposed to implement the rights issue on the basis of one (1) rights share for every two (2) existing Shares in issue at the subscription price of HK$0.4 per rights share, to raise up to approximately HK$16.7 million before expenses by way of issuing up to 41,708,400 rights shares (the "**Right Issue**").

On 8 May 2024, the Company completed the Rights Issue and issued 41,708,400 rights shares. The net proceeds from the Rights Issue was approximately HK$16.0 million.

Further details of the Rights Issue were set out in the Company's announcements dated 22 March 2024, 29 April 2024 and 8 May 2024, together with the Company's prospectus dated 11 April 2024.

On 12 June 2024, The Company has published an announcement relating to the change in use of proceeds and the expected timeline of full utilisation by (a) reallocating approximately HK$7.5 million which was originally allocated for developing solar power and electrical distribution system business to developing its sale of cosmetic products business; and (b) extending the expected timeline of full utilisation of the unutilised net proceeds from the end of December 2024 to the end of June 2025.

The table below sets forth the status of utilisation of the proceeds as at 30 June 2024, and the expected timeline of the use of the unutilised proceed from the Right Issue:

	Allocation of net proceeds HK$ (million)	Utilisation up to the financial year ended 30 June 2024 HK$ (million)	Expected timeline of full utilisation of the net proceeds
Developing its sale of cosmetic products business	7.5	–	End of June 2025
Developing solar power and electrical distribution system business	3.7	2.4	End of December 2024
General working capital of the Group	4.8	3.8	End of December 2024
Total	16.0	6.2	

Capital Expenditure and Commitments

During the financial year ended 30 June 2024, the Group had capital expenditure of approximately HK$6.7 million (2023: HK$1.8 million).

As at 30 June 2024, the Group has capital commitments contracted for but not provided in the consolidated financial statements of approximately HK$0.4 million (30 June 2023: HK$1.1 million).

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 June 2024 (2023: Nil).

Significant Investments

As at 30 June 2024, the Group held certain listed securities as financial assets at fair value through profit or loss. Save for those disclosed above and in Note 20 to the consolidated financial statements of this Annual Report, there were no other significant investments held. Nor were there any material acquisitions or disposals during the year.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisitions or disposals of subsidiaries, joint ventures and associated companies during the financial year ended 30 June 2024.

Cash Flow

The Group reported net cash flows used in operating activities of approximately HK$1.2 million (2023: net cash flows used in HK$39.1 million) for the financial year ended 30 June 2024. The decrease in net cash flow is primarily due to the combined effect of increase in the trade and other receivables, trade and other payables and the decrease in prepayments during the year.

Net cash used in investing activities is approximately HK$3.5 million for the financial year ended 30 June 2024 (2023: HK$1.1 million). This is mainly attributable to the purchase of property, plant and equipment.

Net cash flows from financing activities mainly attributed to approximately HK$15.9 million for the financial year ended 30 June 2024 (2023: net cash flows from HK$15.7 million). This is mainly attributable to the proceeds from issue of shares and net proceeds from bank borrowings.

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	2024	2023	2022	2021	2020
Gross profit margin (%)[1]	**3.7**	6.7	10.6	9.9	8.3
Net profit margin (%)[2]	**N/A[8]**	N/A[8]	N/A[8]	N/A[8]	N/A[8]
Return on assets (%)[3]	**N/A[8]**	N/A[8]	N/A[8]	N/A[8]	N/A[8]

As at 30 June	2024	2023	2022	2021	2020
Gearing ratio[4]	**0.27**	0.25	0.03	0.0	0.0
Current ratio[5]	**3.0**	3.7	5.0	5.2	6.0
Average trade receivables collection period (days)[6]	**275.1**	684.5	431.6	254.8	269.1
Average trade payables repayment period (days)[7]	**11.5**	31.7	35.2	27.8	17.3

Notes:

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

The slight decrease in gross profit margin for the financial year ended 30 June 2024 was attributed to the compressed gross profit margin in electrical distribution system business.

The decrease in average trade receivables collection period of 409 days for the financial year ended 30 June 2024 is primarily attributable to the combined effect of increase in revenue during the year, together with the prompt repayment from customers for the financial year ended 30 June 2024.

The Group always maintains good and prompt payment relationships with the suppliers to achieve overall benefit for the on-going and future purchase pricing. Slight decrease in repayment period was mainly due to the decrease in average purchase for the financial year ended 30 June 2024.

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 as at 30 June 2024 were maintained at a satisfactory level. Save as disclosed in Note 30 to the consolidated financial statements, the Group had no significant capital commitment.
	Contingent liabilities	The Group had no significant contingent liabilities as at 30 June 2024.
	Foreign currency risk	The Group's business mainly operates in the PRC, accordingly, its revenue and transactions arising from its operations were generally settled in Renminbi ("**RMB**") whereas the bank balance of the Company was principally denominated in RMB. As a result, fluctuations in the value of RMB against Hong Kong dollars could adversely affect the cash and cash equivalent which is reported in Hong Kong dollars. During the financial year ended 30 June 2024, 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 2024. 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 and other 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 generally due within 180-360 days from the date of billing. Impairment losses are recorded for those overdue balances where there is objective evidence of impairment. As disclosed in Note 35 to the consolidated financial statements, the Group has certain concentration risk in respect of trade receivables due from the Group's three (2023: three) largest customers who accounted for approximately 65.1% and 53.4% of the Group's total trade receivables as at 30 June 2024 and 30 June 2023 respectively. The credit risk exposure to trade receivables balance and loan receivable 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 purposes. 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.

	Risk	Description and Mitigation
	Economic environment	The Group's primary operations are located in the PRC. The Group's results of operations and financial condition therefore depend on the economies of the PRC. The economic growth of the PRC is slowing down in recent years. In this connection, any contraction of the PRC business activities may also hinder the development of solar power business and electrical distribution system of the Group so that the Group's results of operations and financial condition may be negatively impacted.
	Health and safety	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 standards of conditions for employment, enhancing occupation safety and health and improving working conditions in PRC. Generally, the construction and installation works of the solar power projects and electrical distribution systems projects are outsourced and accordingly, the risk of non-conformity is minimal.
Regulation and compliance risks	**Legal and regulatory compliance**	The Group faces local legal risks in the PRC and Hong Kong. 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 the PRC and Hong Kong 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, will 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 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 power businesses will hinder the revenue and profitability of the Group.
	Competition	The Group provides (i) sales and installation of solar power system to the PRC users on project basis; and (ii) provision of electrical distribution system in the PRC. 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 relationships 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 monitoring and managing 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 consolidated financial statements for the financial year ended 30 June 2024.

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 2024 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

DIVIDENDS

The declaration and payment of dividends shall be determined at the sole discretion of the Board after taking into account the Company's financial performances, working capital requirements, future prospects and other factors, and subject to the articles of association of the Company (the "**Articles of Association**") and all applicable laws and regulations of the Cayman Islands.

The Directors did not declare any interim or final dividend for the financial year ended 30 June 2024 (2023: Nil).

DISTRIBUTABLE RESERVES

As at 30 June 2024, the Company's distributable reserves amounted to HK$76,170,000 (2023: HK$91,624,000).

Details of the movements in the respective reserves of the Group and the Company during the financial year ended 30 June 2024 are set out in the Consolidated Statement of Changes in Equity and Notes 28 and 39 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements of plant and equipment during the financial year ended 30 June 2024 are set out in Note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the financial year ended 30 June 2024 are set out in Note 27 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 ended 30 June 2024 is set out on page 128 of the annual report.

DIRECTORS

The Directors who held office during the financial year ended 30 June 2024 and up to the date of this report are:

Executive Directors

Mr. Liu Yancheng *(Chairman)*
Mr. Yao Runxiong
Mr. Wu Yifeng (appointed on 5 July 2024)

Non-executive Director

Mr. Tam Tak Wah (ceased on 15 December 2023)

Independent Non-executive Directors

Dr. Luo Xiaodong
Mr. Li Jin (resigned on 1 March 2024)
Mr. Leung Po Hon (resigned on 19 January 2024)
Mr. Chen Yeung Tak (appointed on 26 January 2024)
Mr. Wang Haoyuan (appointed on 1 March 2024)
Ms. Ye Jieting (appointed on 1 March 2024 and resigned on 19 July 2024)

In accordance with article 84(1) of the Articles of Association of the Company, Dr. Luo Xiaodong, Mr. Chen Yeung Tak, Mr. Wang Haoyuan and Mr. Wu Yifeng shall retire by rotation in the forthcoming annual general meeting of the Company. Dr. Luo Xiaodong, Mr. Chen Yeung Tak, Mr. Wang Haoyuan and Mr. Wu Yifeng, being eligible, have offered themselves for re-election.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Share Option Scheme" and "Directors' Interests in Securities" in this report during the financial year ended 30 June 2024 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 2024.

DIRECTORS' SERVICE CONTRACTS

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

As at 30 June 2024, 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 terminable by the Company within 1 year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section "Related Party Transactions" in Note 29 to the consolidated financial statements, no transaction, arrangement or contract of significance to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a Director had a material interest, subsisted at the end of the financial year or at any time during the financial year ended 30 June 2024.

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 duties.

COMPETING INTERESTS

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Save for the transactions as disclosed in the section "Related Party Transactions" in Note 29 to the consolidated financial statements which were fully exempt from the disclosure requirements in accordance with Chapter 14A of the 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 2024. In addition, the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules during the financial year ended 30 June 2024.

SHARE OPTION SCHEME

A 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 and was terminated on 15 December 2023 (the "**2017 Scheme**"). All outstanding options granted under the 2017 Scheme will continue to be valid and exercisable in accordance with the provisions of the 2017 Scheme. For more details of the share option scheme, please refer to the circular of the Company dated 14 September 2017.

As at 30 June 2024, the number of shares in respect of which options under 2017 Scheme had be granted and remained outstanding was 1,663,568 shares, representing approximately 1.33% of the shares of the Company in issue as at 30 June 2024.

Details of the movements in the share options granted to Directors and employees under the 2017 Scheme during the period ended 30 June 2024 are as follows:

Grantees	Date of grant	Exercise period	Exercise price per Share HK$ *(note)*	Outstanding balance as at 1 July 2023	Lapsed during the year	Adjustment *(note)*	Outstanding balance as at 30 June 2024
Mr. Liu Yancheng	20 December 2022	20 December 2023– 19 December 2032	0.838	695,140	–	1,729	696,869
Mr. Tam Tak Wah (ceased on 15 December 2023)	20 December 2022	20 December 2023– 19 December 2032	0.838	695,140	(695,140)	–	–
Employees	20 December 2022	20 December 2023– 19 December 2032	0.838	3,549,720	(2,585,420)	2,399	966,699

Note: As a result of the Rights Issue, adjustments are made to the exercise prices and the number of Shares to be issued upon exercise of the outstanding Options, pursuant to the terms and conditions of the 2017 Share Option Scheme, Rule 17.03(13) of the Listing Rules in relation to the adjustment to the terms of the 2017 Share Option Scheme, the Supplementary Guidance on the Listing Rule 17.03(13) and the Note Immediately After the Rule (the "**Stock Exchange Supplementary Guidance**") attached to the Frequently Asked Question No. 072-2020 issued by the Stock Exchange on 6 November 2020 and updated in January 2023.

These options were vested on 20 December 2023 and exercisable from the date of vesting to 19 December 2032 (both dates inclusive). The closing price of the Company's shares immediately before the date on which these options were granted was HK$0.76 (after taking into account the share consolidation which became effective on 1 March 2023). The number of shares that may be issued in respect of options granted under the 2017 Scheme during the year ended 30 June 2024 divided by the weighted average of the Company's shares in issue for the year ended 30 June 2024 was approximately 1.86%.

A share option scheme was adopted by the Company following the resolution passed at the annual general meeting of the Company held on 15 December 2023 (the "**2023 Scheme**"). 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). As at the date of adoption of the share option scheme, the total number of issued shares of the Company was 83,416,800 shares of HK$0.2 each. Pursuant to the Listing Rules and the share option scheme, the total number of shares which might fall to be issued upon exercise of all share options to be granted under the share option scheme was 8,341,680, representing 10% of the then total number of issued shares of the Company as at the date of adoption of the share option scheme and the maximum number of shares that might be issued upon the exercise of all share options under the share option scheme or other schemes. The share option scheme will last for 10 years from the date of adoption. For more details of the share option scheme, please refer to the circular of the Company dated 30 October 2023. The number of shares available for grant under the 2023 Scheme at 30 June 2024 were 6,678,112 shares.

Save as disclosed above, no option was granted, exercised, cancelled or lapsed under 2023 Scheme during the period and as at the date of this report since adoption of the 2023 Scheme.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2024, 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	Other interest *(Note 3)*	Total interest	Percentage of interest in the Company
Mr. Liu Yancheng	Beneficial owner	570,000	696,869	1,266,869	1.01%
	Interest of spouse *(Note 1)*	375,000	–	375,000	0.30%
Mr. Yao Runxiong	Beneficial owner	2,108,750	–	2,108,750	1.69%
	Interest of spouse *(Note 2)*	931,500	–	931,500	0.74%

Notes:

1. 375,000 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 375,000 shares of the Company for the purposes of the SFO.

2. 931,500 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 931,500 shares of the Company for the purposes of the SFO.

3. These interests represent options granted to the Directors as beneficial owners under the share option scheme of the Company. Details of the interests of the Directors in the share options of the Company are disclosed in the section "Share Option Scheme".

Save as disclosed above, as at 30 June 2024, 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 AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2024, 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 13 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 the Group is facing can be found in the "Management Discussion and Analysis" set out on pages 4 to 13 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 25 to 37 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 2024 is as follows:

	Percentage of the Group's total revenue	
	2024	2023
The largest customer in aggregate	**29.0%**	39.9%
Five largest customers in aggregate	**100%**	100.0%

	Percentage of the Group's total purchase	
	2024	2023
The largest supplier in aggregate	**24.7%**	70.2%
Five largest suppliers in aggregate	**96.4%**	100.0%

So far as the Directors are aware, the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's total number of issued shares) do not have any interest in these major customers and suppliers during the financial year ended 30 June 2024.

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 2024, 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 financial year ended 30 June 2024 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 and Hong Kong.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's business mainly operates in 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 ended 30 June 2024, the Group did not breach any law and regulation that has significant impact on the Company.

AUDITOR

The consolidated financial statements for the financial year ended 30 June 2024 have been audited by Moore CPA Limited 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, 30 September 2024

Profile of Directors and Senior Management

BOARD OF DIRECTORS

Executive Directors

Liu Yancheng

Mr. Liu Yancheng ("**Mr. Liu**"), aged 56, 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.

Yao Runxiong

Mr. Yao Runxiong, aged 62, 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 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.

Wu Yifeng

Mr. Wu Yifeng, aged 41, was appointed as an executive director on 5 July 2024. He obtained a bachelor degree in finance from Beijing Normal University (Zhuhai Campus) in 2007. From 2007 to 2015, he has worked in the investment banking department of China Construction Bank, Guangzhou Economic Development District subbranch and Guangdong branch and was mainly responsible for businesses including personal finance, wealth management product, bond underwriting and funds. From 2016 to 2018, he has worked in China Chuancai Securities Co., Ltd and was mainly responsible for bond financing businesses. From 2019 to 2023, he has managed Guangzhou Hongyi Private Securities Investment Co., Ltd. and was mainly responsible for businesses including business management consulting, investment and financing consulting.

Non-executive Director

Tam Tak Wah

Mr. Tam Tak Wah, aged 59, was appointed as a non-executive Director on 17 November 2014 and ceased to be a non-executive Director on 15 December 2023. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. He has over 30 years of experience in accounting, corporate finance and corporate development. He was an independent non-executive director of Future World Holdings Limited (stock code: 572) and an executive director of Golden Century International Holdings Group Limited (stock code: 91), both listed on the Main Board of the Stock Exchange, and retired in June 2022 and resigned in May 2020, respectively. Save as disclosed above, he did not hold any directorship in any listed public company in the last three years.

Independent Non-executive Directors

Leung Po Hon

Mr. Leung Po Hon ("**Mr. Leung**"), aged 60, was appointed as an independent non-executive Director on 13 November 2015 and resigned on 19 January 2024. 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 ACCA 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 MediNet Group Limited (stock code: 8161), being listed on Stock Exchange. Mr. Leung was also an independent non-executive director of Flying Financial Service Holdings Limited) (stock code: 8030), the shares of which is listed on the Stock Exchange, having resigned in 19 November 2020.

Li Jin

Mr. Li Jin, aged 57, was appointed as an independent non-executive Director on 30 June 2017 and resigned on 1 March 2024. 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 and appointed as the independent non-executive director of E-House (China) Enterprise Holdings Limited (stock code: 2048) as on 10 July 2018.

Luo Xiaodong

Dr. Luo Xiaodong ("**Dr. Luo**"), aged 38, 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.

Chen Yeung Tak

Mr. Chen Yeung Tak, aged 39, was appointed as an independent non-executive Director on 26 January 2024. He graduated from The Hong Kong Polytechnic University with a Bachelor of Arts in Accountancy in December 2006. He is a member and fellow of the Hong Kong Institute of Certified Public Accountants ("**CPA**"). He is also a CPA (Practising) registered in the Accounting and Financial Reporting Council.

He has over 15 years of experience in auditing, accounting and financial management, treasury, internal control, corporate governance and company secretarial matters. He worked in international accounting firms and Blue River Holdings Limited (formerly known as PYI Corporation limited, a company listed on the Stock Exchange with stock code: 498). He served as an independent non-executive director of AV Promotions Holdings limited (a company listed on GEM of the Stock Exchange with stock code: 8419) from December 2017 to November 2021. He is currently a company secretary of Kingland Group Holdings Limited (a company listed on the Stock Exchange with stock code: 1751) and had an appointment of its executive director from May 2020 to June 2022.

He is an independent non-executive director of the following companies respectively: DT Capital Limited (a company listed on the Stock Exchange with stock code: 356); WEIli Holdings Limited (a company listed on the Stock Exchange with stock code: 2372); and Gain Plus Holdings (a company listed on the Stock Exchange with stock code: 9900). He is an independent director of Onion Global Limited (a company formerly listed on New York Stock Exchange with stock code: NYSE: OG) and currently listed on U.S. OTC Market (stock code: OGBLY:OG).

Wang Haoyuan

Mr. Wang Haoyuan, aged 30, was appointed as an independent non-executive Director on 1 March 2024. He obtained a bachelor's degree in commerce from the University of Western Australia and a master's degree in investment management from the Hong Kong University of Science and Technology in 2018 and 2020 respectively. Between April 2020 and January 2023, he worked in various private companies as research analyst, including Country Garden Venture Capital and Bear. Since March 2023, he has been working in an asset management firm which engages in private securities investment and asset management services in China.

Ye Jieting

Ms. Ye Jieting, aged 50, was appointed as an independent non-executive Director on 1 March 2024 and was resigned on 19 July 2024. She has more than 20 years of experience in corporate management and strategic management. She has served as the legal representative of multiple companies including Guangzhou Mingying Material Technology Ltd., Guangzhou Mingying Enterprise Management Consulting Co., Ltd, Guangdong Hejiang Smart Medical Technology Co., Ltd and Guicheng Crystal Carved Jewelry Store, Nanhai District, Foshan City. She served as an executive director in Guangzhou Mingying Material Technology Ltd. and Guangzhou Mingying Enterprise Management Consulting Co., Ltd until January 2008 and October 2018 respectively. She served as an executive director and the general manger in Guangdong Hejiang Smart Medical Technology Co., Ltd until January 2019.

SENIOR MANAGEMENT

Dai Yong

Mr. Dai Yong ("**Mr. Dai**"), aged 47, has been appointed as the Project Director of the Company since 11 October 2016 and re-designated as the Chief Operating Officer of the Company since 1 November 2018. 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, PV power station ancillary products and PV power station solutions. Mr. Dai has over 20 years of experience in electric product and PV new energy related industries. He is mainly responsible for the operation of the solar power business and electrical distribution system business in the Group.

Ng Kwok Leung

Mr. Ng Kwok Leung ("**Mr. Ng**"), aged 42, has been appointed as Group Financial Controller of the Group since October 2017 and Mr. Ng obtained a Master of Science in Professional Accountancy from the University of London, and obtained a Bachelor of Arts (Honours) degree in Accountancy from the Hong Kong Polytechnic University. He has over 18 years of experience in corporate finance, accounting and auditing fields. Prior to his appointment, Mr. Ng had served in a company listed on the Main Board of the Stock Exchange and an international accountants firm. Mr. Ng is a fellow member of the ACCA, fellow member of the HKICPA and Certified Internal Auditor of the Institute of Internal Auditors. He has left the Group in January 2024.

Kwong Lun Kei

Mr. Kwong Lun Kei ("**Mr. Kwong**"), aged 42, has been appointed as the company secretary of the Group since 1 October 2023 and resigned on 18 December 2023. Mr. Kwong is a practicing solicitor and was admitted as a solicitor in Hong Kong in 2010. He obtained his Bachelor of Laws and Bachelor of Commerce from University of New South Wales, Australia in 2007. He has over ten (10) years of experience in corporate finance and primarily advises on listings of companies on the Stock Exchange, mergers and acquisitions, regulatory compliance and other commercial law matters. Mr. Kwong is also the company secretary of Zhong Ao Home Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1538) since 1 January 2022, one of the joint company secretaries of Sterling Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1825) since 1 February 2022 and the company secretary of Hong Wei (Asia) Holdings Company Limited, a company listed on GEM (stock code: 8191) since 30 September 2022.

Yiu Ngai Chiu

Mr. Yiu Ngai Chiu, aged 33, was appointed as Group Financial Controller and the company secretary of the Group. He is a member of the Hong Kong Institute of Certified Public Accountants. He obtained his bachelor's degree in business administration (accounting and finance) from the University of Hong Kong in 2012. He has over ten years of experience in providing accounting and auditing services. Prior to joining the Company, Mr. Yiu had served in a company listed on the Main Board of the Stock Exchange and an international accounting firm.

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 2024 except for the following deviation:

Chairman and Chief Executive Officer

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

For the financial year ended 30 June 2024, the Chairman was responsible for the general operations of the Board and the overall strategy of the Group. The Board 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 C.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 C.1.8

According to Code C.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its directors. The Board believes that with the current risk management and internal control systems and the close supervision of the management, the Directors' risk of being sued or getting involved in litigation in their capacity as Directors is relatively low. Benefits to be derived from taking out insurance may not outweigh the cost. As such, the Company currently does not have insurance cover for legal action against its directors.

COMPLIANCE WITH RULES 3.10(1), 3.10(2), 3.21 AND 3.25 OF THE LISTING RULES

Reference is made to the announcement of the Company dated 19 January 2024 in relation to, among other things, the non-compliance with Rules 3.10(1), 3.10(2), 3.21 and 3.25 of the Listing Rules. Pursuant to Rule 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors. Pursuant to Rule 3.10(2) of the Listing Rules, every board of directors of a listed issuer must include at least one of the independent non-executive directors who must have appropriate professional qualifications or accounting or related financial management expertise. In addition, Pursuant to Rule 3.21 of the Listing Rules, every listed issuer must establish an audit committee comprising non-executive directors only and the audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. The audit committee must be chaired by an independent non-executive director. Pursuant to Rule 3.25 of the Listing Rules, an issuer must establish a remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors.

Immediately following the appointment of Mr. Chen Yeung Tak as an Independent non-executive director of the Company, a member of the Nomination Committee and the chairman of each of the Audit Committee and the Remuneration Committee:

(i) the number of independent non-executive directors of the Company has been increased to three (3), such that the Company re-complies with Rule 3.10(1) of the Listing Rules, which requires every listed issuer to have at least three (3) INEDs;

(ii) the Company has one (1) independent non-executive director possessing professional accounting qualifications and/or accounting and related financial management expertise, such that the Company recompiles with Rule 3.10(2) of the Listing Rules;

(iii) the Audit Committee comprises three (3) members, all of whom are independent non-executive directors, and is chaired by an Independent non-executive director possessing professional accounting qualification and accounting and related financial management expertise, such that the Company re-complies with Rule 3.21 of the Listing Rules; and

(iv) the Remuneration Committee is chaired by an non-executive director, such that the Company re-complies with Rule 3.25 of the Listing Rules.

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 2024.

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.

Board Composition

As at 30 June 2024, the Board comprised two executive Directors and four Independent non-executive Directors.

The members of the Board are set out as below:

Executive Directors:
Mr. Liu Yancheng *(Chairman)*
Mr. Yao Runxiong

Independent Non-executive Directors:
Dr. Luo Xiaodong
Mr. Chen Yeung Tak
Mr. Wang Haoyuan
Ms. Ye Jieting

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 four independent non-executive Directors, in which Mr. Chen Yeung Tak is a certified public accountant in Hong Kong. Mr. Chen 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 21 to 24.

During the financial year ended 30 June 2024, 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**").

The non-executive director and each of the independent non-executive directors has a letter of appointment with the Company for a term of two years commencing on the date of their respective appointment but is subject to retirement by rotation and re-election at an annual general meeting of the Company in accordance with the Articles of Association of the Company.

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 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 reasonably in 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 2024. Directors have disclosed to the Company the number and nature of offices they hold 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 C.1.4 of the CG Code during the financial year ended 30 June 2024:

	Corporate governance/ updates on laws, rules and regulations	Accounting/ financial/ management or other professional skills
Executive Directors		
Mr. Liu Yancheng	✓	N/A
Mr. Yao Runxiong	✓	N/A
Non-executive Director		
Mr. Tam Tak Wah *(ceased on 15 December 2023)*	✓	✓
Independent Non-executive Directors		
Mr. Leung Po Hon *(resigned on 19 January 2024)*	✓	✓
Mr. Li Jin *(resigned on 1 March 2024)*	✓	N/A
Dr. Luo Xiaodong	✓	N/A
Mr. Chen Yeung Tak *(appointed on 26 January 2024)*	✓	✓
Mr. Wang Haoyuan *(appointed on 1 March 2024)*	✓	N/A
Ms. Ye Jieting *(appointed on 1 March 2024)*	✓	N/A

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. As at 30 June 2024, the Audit Committee consists of four independent non-executive Directors, namely,

Mr. Chen Yeung Tak *(Chairman)*
Dr. Luo Xiaodong
Mr. Wang Haoyuan
Ms. Ye Jieting

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.

The Audit Committee had reviewed the Group's annual results and consolidated financial statements for the year ended 30 June 2024 and its unaudited interim results during the financial year. The Audit Committee is of the view that the consolidated financial statements have been prepared in accordance with the applicable accounting standards.

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 websites of the Stock Exchange and the Company. As at 30 June 2024, the Remuneration Committee consists of four independent non-executive Directors, namely,

Mr. Chen Yeung Tak *(Chairman)*
Dr. Luo Xiaodong
Mr. Wang Haoyuan
Ms. Ye Jieting

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;

- assessing performance of executive Directors and approving the terms of executive Directors' service contracts; 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 2024, the Remuneration Committee had held three meetings 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 E.1.5 of the CG Code, the remuneration of the members of senior management by band for the financial year ended 30 June 2024 is set out below:

Annual remuneration (by band)	Number of individuals
HK$1,000,000 to HK$1,500,000	**1**
HK$1,500,001 to HK$2,000,000	**2**
HK$2,000,001 to HK$3,000,000	**1**

Further particulars of Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in Note 10 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 websites of the Stock Exchange and the Company. As at 30 June 2024, 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)*
Dr. Luo Xiaodong
Mr. Chen Yeung Tak
Mr. Wang Haoyuan

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 respective expertise in relevant strategic business areas, to be the board members, and would make recommendations to 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 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/her:

- 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/she 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 2024, 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 professional background, skills and knowledge.

In recognising the importance of gender diversity, the Company taken steps to promote gender diversity on Board and management levels as well as other levels of the Group. The Board will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

BOARD AND COMMITTEE MEETINGS

During the financial year ended 30 June 2024, the Company held 10 Board meetings, 2 Audit Committee meetings, 3 Remuneration Committee meetings, 3 Nomination Committee meeting and 1 general meetings. The individual attendance record of each Director at the Board meetings, Board Committees meetings and general meetings during the financial year ended 30 June 2024 is set out below and is presented by reference to the number of meetings held during their tenure:

	Number of meetings attended/held				
Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General**
Executive Directors					
Liu Yancheng	10/10	N/A	N/A	3/3	1/1
Yao Runxiong	10/10	N/A	N/A	N/A	1/1
Non-executive Director					
Tam Tak Wah *(ceased on 15 December 2024)*	2/2	1/1	1/1	N/A	1/1
Independent Non-executive Directors					
Leung Po Hon *(resigned on 19 January 2024)*	4/4	1/1	1/1	1/1	1/1
Li Jin *(resigned on 1 March 2024)*	6/6	2/2	2/2	2/2	1/1
Luo Xiaodong	10/10	2/2	3/3	3/3	1/1
Mr. Chen Yeung Tak *(appointed on 26 January 2024)*	4/4	1/1	1/1	1/1	N/A
Mr. Wang Haoyuan *(appointed on 1 March 2024)*	3/3	N/A	N/A	N/A	N/A
Ms. Ye Jieting *(appointed on 1 March 2024)*	3/3	N/A	N/A	N/A	N/A

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 each meeting.

COMPANY SECRETARY

As at 30 June 2024, Mr. Yiu Ngai Chiu was the Company Secretary during the reporting period. He was responsible to the Board for ensuring that board procedures were followed and the Board was fully briefed on all legislative, regulatory and corporate governance developments and that it had regard to them when making decisions.

During the financial year ended 30 June 2024, he has confirmed that he has duly complied with the relevant requirement under the Listing Rules and taken not less than 15 hours of relevant professional training.

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 risk management internal control system of the Group. The reviews, conducted annually and spanning 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 during the financial year. The 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 and the Company considers its risk management and internal control systems to be effective and adequate.

AUDITORS' REMUNERATION

An analysis of the remuneration payable to the independent auditor of the Company, Moore CPA Limited, to perform audit and non-audit services for the financial year ended 30 June 2024 is as follows:

For the financial year ended 30 June	**2024** **HK$'000**	2023 HK$'000
Services rendered:		
Audit service	**996**	920
Non-audit service	**306**	150

In pursuance to the requirement of paragraph 30 of Appendix 16 of the Listing Rules, the following outlines the independent auditor of the Company in the preceding three financial years:

Financial year ended	Independent Auditor
30 June 2024	Moore CPA Limited Registered Public Interest Entity Auditors
30 June 2023	Moore CPA Limited Registered Public Interest Entity Auditors
30 June 2022	Moore Stephens CPA Limited Registered Public Interest Entity Auditors (appointed on 2 December 2021)

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/herself (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:	Unit 1202, 12/F, Mirror Tower, 61 Mody Road, Tsim Sha Tsui East, Hong Kong
By fax:	(852) 3523 1122
By email:	contact@kingbostrike.com.hk

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 2024, there had been no significant changes 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 auditors of the Company, Moore CPA 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 Kingbo Strike Limited (the "**Company**") in accordance with the requirement of the Appendix 27 Environmental, Social and Governance Reporting Guide ("**ESG Guide**") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Group's corporate governance is addressed separately in the Company's annual report prepared in accordance with all applicable provisions as set out in Appendix 14 of the Listing Rules.

This report presents mainly the policies, initiatives and performance of the Group for the year ended 30 June 2024. It also highlights material aspects identified for the year ended 30 June 2024. The board of directors of the Company confirms that the report has been reviewed and approved to ensure the fair presentation of all material environmental, social and governance ("**ESG**") issues and impacts.

This ESG report has been presented into two subject areas namely, Environmental and Social. For each subject area, there are various aspects requiring disclosure of the relevant policies and statuses of compliance with relevant laws and regulations according to the ESG Guide.

The Company understands the importance of the ESG report and is committed to making continuous improvements in corporate social responsibility into the business of the Company and its subsidiaries (collectively referred to as the "**Group**") in order to meet the changing needs of an advancing society. Reviews of the progress and achievement on ESG objectives and targets are conducted periodically with reference to relevant policies and objectives in place, as well as performance data from the previous reporting period.

In this ESG report of the Group, it will present mainly policies, initiatives and performance of the Group for the year ended 30 June 2024 and also highlight material aspects identified. The following table will demonstrate the relationship between ESG guide and the issues found relevant to the Group after identifying and analysing the ESG risks and opportunities of the Group in association with the investment strategy, risk management and impact of the Group's business:

ESG Guide	Relevant ESG issues to the Group
A. Environmental	
A.1 Emissions	Pollutants emissions
	Greenhouse gas emissions
	Waste management
A.2 Use of resources	Resources consumption
A.3 Environmental and natural resources	Measures in reducing environmental impact
A.4 Climate change	Addressing climate change risks
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
	Consumer data protection and privacy policies
B.7 Anti-corruption	Anti-corruption and money laundering
B.8 Community investment	Community involvement

REPORTING PRINCIPLES AND SCOPE

With reference to the ESG Guide, in preparation of the ESG report, materiality assessment through industry benchmarking was performed to identify specific ESG factors. Qualitative data, as well as standards, methodologies used etc. were provided in the reporting of key performance indicators to evaluate the Group's environmental and social performance. Consistent calculation methods have been used in this ESG report in comparison to previous reporting periods, to provide a fair view of the Group's growth in environmental and social performance over time.

This ESG report covers all of the Group's operations in the People's Republic of China (the "**PRC**"), and Hong Kong and there has been no changes in the scope for the year ended 30 June 2024.

A. ENVIRONMENTAL

The Group always keeps itself up-to-date on developments of local legislations and standards for environmental protection. During the year ended 30 June 2024, the Group did not experience any cases of non-compliance relating to environmental laws and regulations in the PRC, 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. This includes 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
To inform 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. We keep our employees abreast of the latest environmental laws and regulations so as to better manage our environmental performance. During the year ended 30 June 2024, 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 GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Pollutants Emissions

The pollutants emissions of the Group are mainly attributed to the use of motor vehicles for the provision of logistic services in Hong Kong, and the PRC. The Group minimises the use of motor vehicles by adopting better route plans and avoid using motor vehicles during peak hours. The consumption of fuels leads to the emission of 0 (2023: 0) kg of sulphur oxides (SO_x), 1.8 (2023: 0.8) kg of nitrogen oxides (NO_x) and 0.1 (2023: 0.1) kg of particulate matters (PM).

Greenhouse Gas Emissions

The Group consumes 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 a 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 3,171 (2023: 95) litres of unleaded petrol and nil (2023: 500) litres of diesel oil have produced 7.5 (2023: 1.6) tonnes of CO_2 (Scope 1). Further, the Group consumed 31,277 (2023: 42,366) kWh of electricity which contributed to the emissions of 12.8 (2023: 17.0) tonnes of CO_2 (Scope 2). 2.8 (2023: 1.4) tonnes of CO_2 have been produced from other indirect emissions (Scope 3), including paper usage, electricity used for processing freshwater and sewage by government departments produced and business air travel of the Group's employees. 23.1 (2023: 20.0) tonnes of CO_2 has been produced by the Group for the year ended 30 June 2024.

Waste management

The Group would also produce certain land waste from the offices located both in Hong Kong when conducting its businesses. The major land waste is the paper used to prepare logistic documents and office documents. The Group has also encourage staff reuse of single-sided printed paper and duplex printing to reduce the consumption of paper.

The waste management from the Group's business activities mainly consisted of office paper and water during the year ended 30 June 2024. No substantial hazardous waste was produced by the Group during the Reporting Period.

A.2 Use of Resources

Resource consumption

Resources consumed	Unit	Consumptions 2024	Consumptions 2023	Consumption intensity (per staff) 2024	Consumption intensity (per staff) 2023
Water	m^3	**65**	102	**1.86**	2.92
Electricity	kWh	**31,277**	42,366	**894**	1,210
Paper used	kg	**123**	47	**3.5**	1.3

Environmental policy and performance, and environmental conservation are always one of the Group's concerns. Although the Group has not established a formal environmental policy, various measures have been implemented to encourage compliance with environmental legislation 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. Besides, various water-saving measures are also implemented by the Group for the purpose of conserving water more effectively in the operations. The measures include reusing the water used in cleaning process if practicable, turning off the water taps when they are not in use.

The Group has not encountered any issue in sourcing water that is fit for purpose. The use of packaging material for finished products is not applicable to the Group's business.

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 reduce 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;

– 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.

A.4 Climate Change

Addressing climate change risks

Increasingly significant business risks are arising from the increase in frequency and intensity of extreme weather events. Such events include storms, floods, droughts and heat waves. The operations of the Group may be disrupted by the severe weather, leading to material financial and physical damage. Besides, the change in global climate also increase temperatures drastically. The engineering services business of the Group requires physical labor working outdoors. The working conditions might become harsher due to the rising temperatures and change in weather patterns.

In view of this, the Group has spent additional resources in monitoring the health and safety risks of those working in hot climates. Another policy to protect workers' health is to allow the workers to take more frequent and longer breaks while working in heat. The provision of sufficient drinking water is always guaranteed as well.

From a wider perspective, the Group has been developing in solar power business for the purpose of offering a cleaner resource to the public. The customers of the Group are working to shift their power generation toward solar power, which in turn reduce the level of emissions.

B. SOCIAL

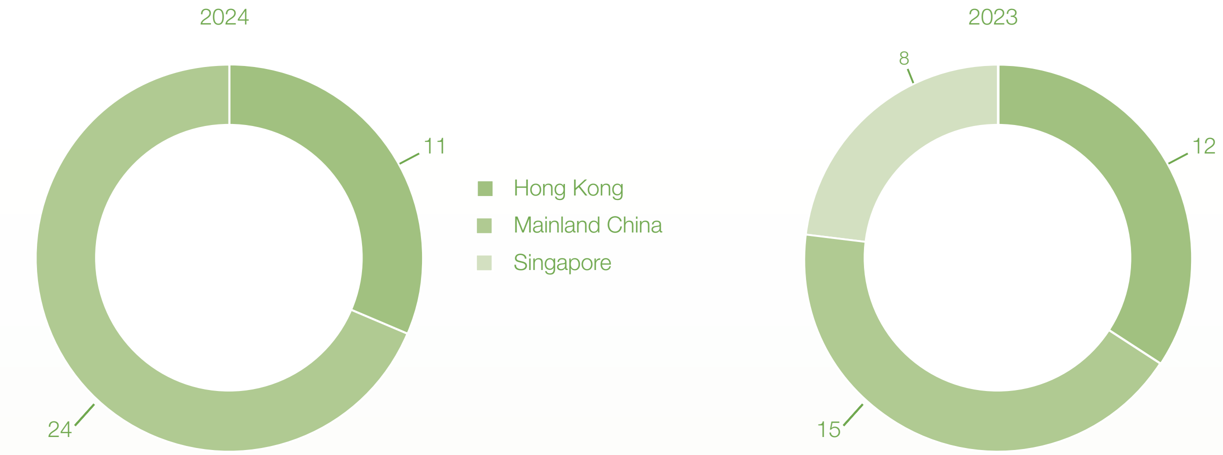
B.1 Employment

Labour Practices

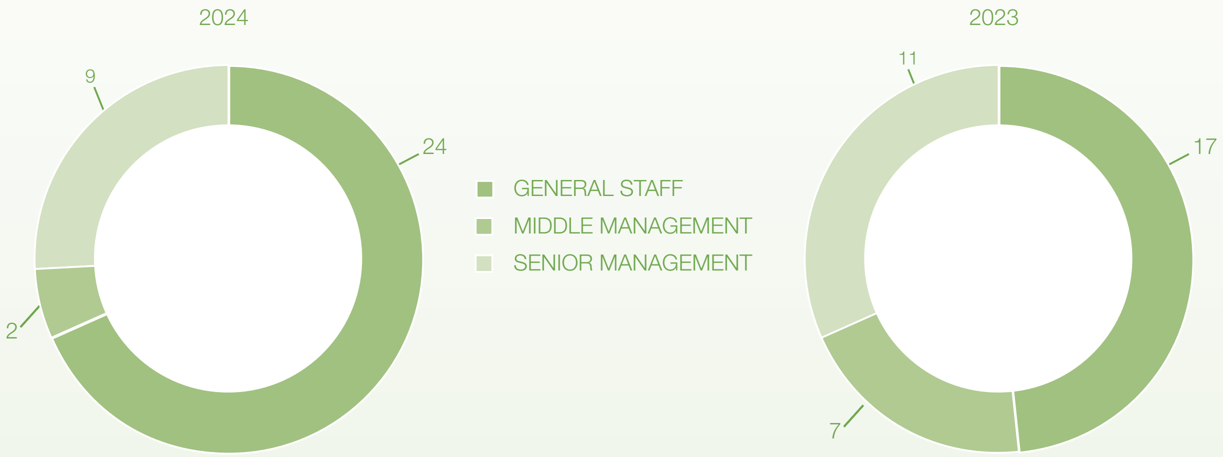
Human resources are a valuable asset to the Group. It provides certain staff activities to enhance employees' sense of belonging and to help create a friendly working environment. The Group did not notice any non-compliance with relevant laws and regulations in the PRC and Hong Kong, applicable to employment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

At 30 June 2024, the Group has 35 (2023: 35) employees who are all full-time employees. The charts below show the diversity of the staff:

WORKFORCE DISTRIBUTION BY GEOGRAPHICAL REGION

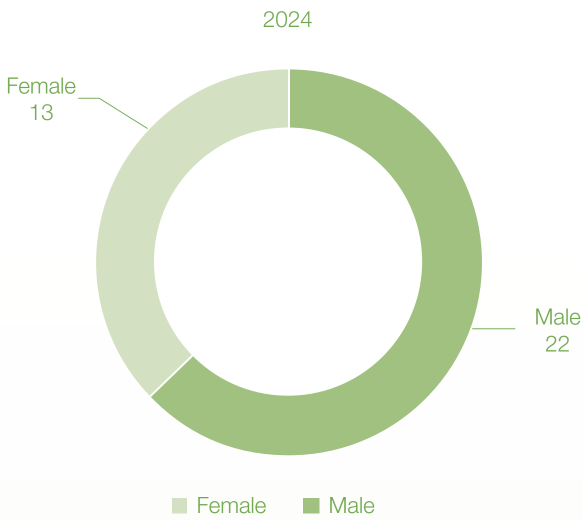


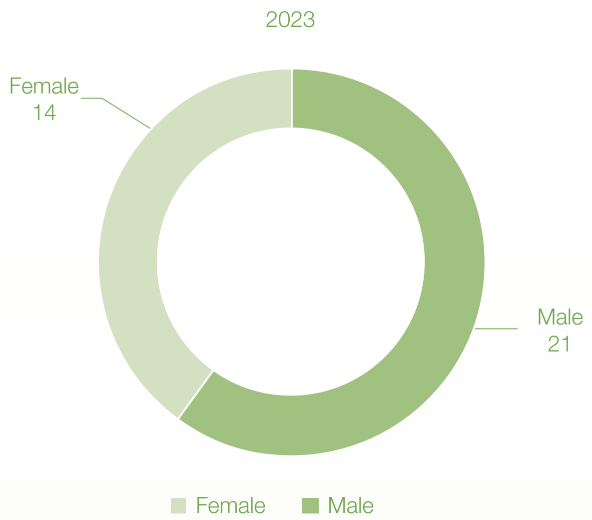
WORKFORCE DISTRIBUTION BY POSITION



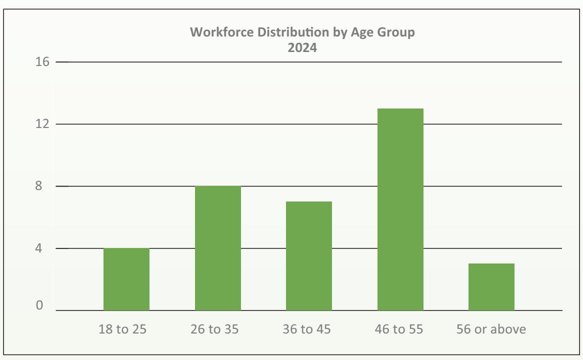
During the hiring process, management concerns about the ability and capability of job applicants. As a result, it forms a multi-cultural working environment.

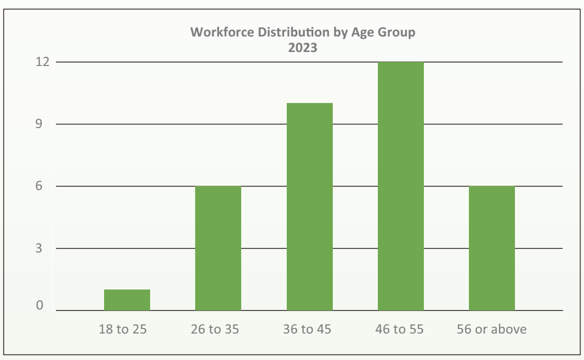
GENDER DISTRIBUTION





The male/female composition ratio of the Group is approximately 1.7:1 (2023: 1.5:1). The Group treated all application irrespective of gender.





The age level of workers is well-diversified, and about 34% (2023: 20%) of the total workforce is aged at 35 or below.

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, in particular, employee of the same position is remunerated on an 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, and other applicable laws and regulations in the PRC to provide a safe, healthy and comfortable working environment. All workers in worksite are under the coverage of workmen medical insurance while staff in the office are under the coverage of employees' compensation insurance. There were no work-related fatalities recorded within the past three years, including the year ended 30 June 2024. During the years ended 30 June 2024 and 2023, the Group did not record any injury cases and loss of man days. Human resource department investigates and analyses every case and implements correspondence preventive measures if necessary.

In order to reduce accidents at the workplace, the Group provides compulsory safety training for all the worksite staff during orientation course and relevant training and knowledge in respect of risks associated with goods handling in site and warehouse. Safety equipment is provided to all workers in the worksite. Furthermore, the Group also places occupational hazard warning signs and warning instructions at prominent places around the worksite, 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 staff to take the work-at-height course and safety supervisor course before working in specific working environment.

96% (2023: 0%) of general staff and 27% (2023: 22%) of members of management attended training programs, of which the male and female composition ratio of the employees trained is approximately 7:6 (2023: 4:0). In average, each trained general staff attend over 11 hours (2023: 28 hours) of training during the year ended 30 June 2024, of which men attend averagely 10 (2023: 28) hours of training averagely. All training records and attendance records are kept for reviewing and monitoring purposes.

B.4 Labour Standards

Child Labour and Forced Labour

In compliance with international criterions, the Labour Law of Hong Kong and the PRC, the Group strives to fight against illegal employment including both forced labour and juvenile labours aged under 16 (child labour). It has formulated 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 years ended 30 June 2024 and 2023, the Group did not hire any individual who is under the legal working age. 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 the workplace where only the working performance and ability are considered under the assessment.

During the years ended 30 June 2024 and 2023, the Group did not hire any teenagers 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 by 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. Most suppliers of the Group are from the PRC (2023: the PRC). In particular, over 5 (2023: 3) Chinese suppliers were engaged by the Group during the year ended 30 June 2024.

Quotation is required from vendors, but price is not the utmost priority as over-reliance on a particular supplier would generate new risk for the Group. There is a check and balance in place for mitigating the risk by spreading out the orders among vendors, taking into consideration the respective relationship with the Group and their outstanding orders.

B.6 Product Responsibility

Product Quality Control

During the years ended 30 June 2024 and 2023, the Group had neither experienced any product recalls due to safety and health issue, nor received any complaint regarding our products and services.

Consumer Data Protection and Privacy Policies

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.

The Group has a confidentiality policy relating to observing and protecting intellectual property rights which comply with the Business Practices and Consumer Protection Act. The policy is 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.

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 is seen to be the cornerstone of the sustainable and healthy development of the Group. Corruption prevention and ethics trainings are provided by the Group for staff in different levels. Specifically, for the directors of the Company, the trainings focus on the role and responsibilities of directors on ethics management whereas the role of managing staff integrity, assessing the risks and preventing corruption in the workplace are the focuses of the trainings for the managerial staffs. On the other hand, the trainings for the workforce put the stress on anti-corruption laws, common corruption pitfalls and the skills to handle ethical dilemmas at work.

In compliance with relevant laws and regulations of anti-corruption law of Hong Kong, Criminal Law of the PRC《中華人民共和國刑法》and the Anti-Unfair Competition Law of the PRC《中華人民共和國不正當競爭法》, 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 years ended 30 June 2024 and 2023, no case associated with corruption has been reported and discovered.

B.8 Community Investment

Community Involvement

The Group regards promoting well-being and prosperity for the region as its responsibility. To this end, it has proactively engaged in diversified community activities and developed community investment strategies to cope with the development needs of the local community while actively contributing to society.

The Group encourages employees to seek opportunities, participate more in charity work in the future and get involved in various community programs, such as community health initiatives, sports, cultural activities, volunteer work and education donation. In the future, the Group plans to seek opportunities to co-operate with charitable organisations by participating in various community programs.

Independent Auditors' Report

MOORE

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大華馬施雲
會計師事務所有限公司

TO THE SHAREHOLDERS OF KINGBO STRIKE LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Kingbo Strike Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 53 to 127, which comprise the consolidated statement of financial position as at 30 June 2024, 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 material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables and contract assets	
We identified impairment assessment of trade receivables and contract assets as a key audit matter due to the significance of trade receivables and contract assets to the Group's consolidated financial position and the involvement of subjective judgment and management estimates in evaluating the expected credit losses ("**ECL**") of the Group's trade receivables and contract assets at the end of the reporting period. As at 30 June 2024, the Group's trade receivables and contract assets amounted to HK$134,550,000 (net of loss allowance of HK$89,351,000) and HK$4,733,000 (net of loss allowance of HK$2,347,000) respectively. During the year ended 30 June 2024, the Group provided impairment allowance of HK$19,530,000 for trade receivables and impairment allowance of HK$818,000 for contract assets, respectively. As disclosed in Notes 17 and 18 to the consolidated financial statements, management of the Group estimates the amount of lifetime ECL of trade receivables and contract assets based on the Group's historical credit loss experience, aging analysis, repayment history and/or past due status of respective trade receivables and contract assets. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information.	Our procedures in relation to impairment assessment of trade receivables and contract assets included: • Obtaining an understanding of how management estimates the loss allowance for trade receivables and contract assets; • Testing the integrity of information used by management to develop the ECL assessment, including aging analysis of trade receivables as at 30 June 2024, on a sample basis, by comparing individual items in the analysis with the relevant sales invoices; • Evaluating the competence, capabilities and objectivity of the external valuation specialists appointed by management of the Group; • Reviewing the valuation methodology and parameters in the ECL assessment; • Challenging management's basis and judgment in determining loss allowance on trade receivables and contract assets as at 30 June 2024, including their identification of credit-impaired trade receivables and contract assets and the basis of estimated loss rates applied (with reference to historical default rates and forward-looking information); and • Evaluating the disclosures regarding the impairment assessment of trade receivables and contract assets in the notes to the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by 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 directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Moore CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

Lai Hung Wai
Practising Certificate Number: P06995

Hong Kong, 30 September 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Notes	**2024 HK$'000**	2023 HK$'000
REVENUE	*6*	**160,732**	81,518
Cost of sales	*9(b)*	**(154,789)**	(76,075)
Gross profit		**5,943**	5,443
Other gains and (losses), net	*7*	**459**	919
Administrative expenses		**(26,712)**	(27,275)
Change in fair value of financial assets at fair value through profit or loss, net	*9(d)*	**(28)**	(1,854)
Allowance for expected credit loss ("**ECL**") recognised in respect of financial assets at amortised cost, net		**(20,348)**	(26,747)
Finance costs	*8*	**(442)**	(1,272)
Other operating expenses		**(1,424)**	(493)
LOSS BEFORE TAXATION	*9*	**(42,552)**	(51,279)
Taxation	*11*	**(1,505)**	(1,831)
LOSS FOR THE YEAR		**(44,057)**	(53,110)
ATTRIBUTABLE TO:			
Owners of the Company		**(47,260)**	(61,622)
Non-controlling interests		**3,203**	8,512
		(44,057)	(53,110)
LOSS FOR THE YEAR		**(44,057)**	(53,110)
OTHER COMPREHENSIVE LOSS FOR THE YEAR			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(1,136)**	(15,350)
		(1,136)	(15,350)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(45,193)**	(68,460)
ATTRIBUTABLE TO:			
Owners of the Company		**(48,161)**	(76,646)
Non-controlling interests		**2,968**	8,186
		(45,193)	(68,460)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			(restated)
Basic and diluted (HK cents)	*12*	**(53.0)**	(87.5)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**6,828**	274
Deposits for plant and equipment	14	**–**	1,622
Right-of-use asset	15	**947**	1,464
Total non-current assets		**7,775**	3,360
CURRENT ASSETS			
Inventories	16	**31,662**	–
Trade receivables, deposits and other receivables	17	**135,553**	108,780
Contract assets	18	**4,733**	4,247
Prepayments	19	**23,238**	119,017
Financial assets at fair value through profit or loss	20	**5**	1,539
Cash and cash equivalents	21	**24,309**	13,707
Total current assets		**219,500**	247,290
CURRENT LIABILITIES			
Trade and other payables	22	**41,039**	36,686
Amount due to a director	23	**11,899**	3,597
Lease liabilities	24	**704**	975
Bank borrowings	25	**3,762**	10,815
Income tax payable		**16,672**	15,451
Total current liabilities		**74,076**	67,524
NET CURRENT ASSETS		**145,424**	179,766
TOTAL ASSETS LESS CURRENT LIABILITIES		**153,199**	183,126
NON-CURRENT LIABILITY			
Lease liabilities	24	**801**	1,505
Deferred tax liabilities	26	**654**	606
Total non-current liability		**1,455**	2,111
NET ASSETS		**151,744**	181,015

	Notes	2024 HK$'000	2023 HK$'000
EQUITY			
Share capital	*27*	**25,025**	16,683
Reserves	*28*	**95,319**	135,900
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**120,344**	152,583
Non-controlling interests	*33*	**31,400**	28,432
Total equity		**151,744**	181,015

The consolidated financial statements were approved and authorised for issue by the boards of directors on 30 September 2024 and signed on its behalf by:

Liu Yancheng
Director

Yao Runxiong
Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Attributable to equity holders of the Company									
	Share Capital *(Note 28)* HK$'000	Share premium *(Note 28)* HK$'000	Statutory surplus reserve *(Note (i))* HK$'000	Merger reserve *(Note (iii))* HK$'000	Exchange fluctuation reserve *(Note (ii))* HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 July 2022	13,903	563,328*	14,880*	(13,746)*	(6,450)*	–	(346,075)*	225,840	20,246	246,086
(Loss) profit for the year	–	–	–	–	–	–	(61,622)	(61,622)	8,512	(53,110)
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	(15,024)	–	–	(15,024)	(326)	(15,350)
Total comprehensive (loss) gain for the year	–	–	–	–	(15,024)	–	(61,622)	(76,646)	8,186	(68,460)
Transfer from retained profits to statutory surplus reserve	–	–	294	–	–	–	(294)	–	–	–
Recognition of equity-settled share-based expense *(Note 32)*	–	–	–	–	–	377	–	377	–	377
Issue of shares *(Note 27(b))*	2,780	232	–	–	–	–	–	3,012	–	3,012
As at 30 June 2023 and 1 July 2023	**16,683**	**563,560***	**15,174***	**(13,746)***	**(21,474)***	**377***	**(407,991)***	**152,583**	**28,432**	**181,015**
(Loss) profit for the year	–	–	–	–	–	–	(47,260)	(47,260)	3,203	(44,057)
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	(901)	–	–	(901)	(235)	(1,136)
Total comprehensive (loss) gain for the year	–	–	–	–	(901)	–	(47,260)	(48,161)	2,968	(45,193)
Transfer from retained profits to statutory surplus reserve	–	–	419	–	–	–	(419)	–	–	–
Recognition of equity-settled share-based expense *(Note 32)*	–	–	–	–	–	227	–	227	–	227
Lapse of share options	–	–	–	–	–	(258)	–	(258)	–	(258)
Rights issue of shares *(Note 27(c))*	8,342	7,611	–	–	–	–	–	15,953	–	15,953
As at 30 June 2024	**25,025**	**571,171***	**15,593***	**(13,746)***	**(22,375)***	**346***	**(455,670)***	**120,344**	**31,400**	**151,744**

* These reserve accounts comprise the consolidated reserves of approximately HK$95,319,000 (2023: HK$135,900,000) in the consolidated statement of financial position.

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 the 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 Group's presentation currency.

(iii) Merger reserve of the Group represents 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.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	2024 HK$'000	2023 HK$'000
OPERATING ACTIVITIES		
Loss before tax	**(42,552)**	(51,279)
Adjustments for:		
Bank interest income	**(67)**	(550)
Finance costs	**424**	1,231
Depreciation of property, plant and equipment	**75**	217
Depreciation of right-of-use assets	**517**	809
Gain on disposal of plant and equipment	**–**	(238)
Loss on written off of property, plant and equipment	**6**	–
Equity-settled share-based expense	**227**	377
Lapse of share options	**(258)**	–
Allowance for ECL recognised in respect of trade and other receivables, net	**19,530**	27,017
Allowance (reversal) for ECL recognised in respect of contract assets, net	**818**	(270)
Impairment loss recognised in respect of right-of-use assets	**–**	181
Impairment loss recognised in respect of property, plant and equipment	**–**	54
Change in fair value of financial assets at fair value through profit or loss	**28**	1,854
Foreign exchange gain	**–**	40
Operating cash flows before movements in working capital	**(21,252)**	(20,557)
Increase in inventories	**(31,760)**	–
Decrease (increase) in prepayments	**95,601**	(77,076)
(Increase) decrease in trade receivables, deposits and other receivables	**(46,864)**	51,040
(Increase) decrease in contract assets	**(1,304)**	13,311
Increase (decrease) in trade and other payables	**4,496**	(5,668)
Cash used in operations	**(1,083)**	(38,950)
Tax paid	**(133)**	(147)
Net cash flow used in operating activities	**(1,216)**	(39,097)

	2024 HK$'000	2023 HK$'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(5,039)**	(250)
Proceeds from disposal of financial assets at fair value through profit or loss	**1,506**	14
Interest received	**67**	550
Placement in restricted deposit	**–**	(32,676)
Deposit paid for plant and equipment	**–**	(1,687)
Withdrawal from restricted deposit	**–**	32,614
Proceeds from disposal of property, plant and equipment	**–**	243
Net cash flow used in investing activities	**(3,466)**	(1,192)
FINANCING ACTIVITIES		
Advance from a director	**16,213**	11,878
Net proceeds from right issue of shares	**15,953**	–
New bank borrowings raised	**3,773**	43,943
Repayment to a director	**(7,892)**	(8,281)
Repayment of bank borrowings	**(10,781)**	(32,614)
Repayment of lease liabilities	**(975)**	(897)
Interest paid	**(424)**	(1,231)
Net proceeds from placement of shares	**–**	2,860
Net cash flow from financing activities	**15,867**	15,658
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**11,185**	(24,631)
Effect of foreign exchange rate changes, net	**(583)**	(472)
Cash and cash equivalents at beginning of the year	**13,707**	38,810
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**24,309**	13,707

The accompanying notes form an integral part of these consolidated financial statements.

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 Companies Registry 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 Unit 1202, 12th Floor, Mirror Tower, No. 61 Mody Road, Tsim Sha Tsui East, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in supply of solar photovoltaic parts and equipment and electrical distribution system business in the People's Republic of China (the "**PRC**").

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company. All values are rounded to nearest thousand (HK$'000) except otherwise indicated.

Information about major subsidiaries

Particulars of the Company's major subsidiaries as at 30 June 2024 and 2023 are as follows:

Name of subsidiary	Place of Incorporation and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			Direct	Indirect	Direct	Indirect	
			2024		2023		
Capital Asia Investment 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$1,050,000	–	60	–	60	Investment holding
Loydston International Limited	Hong Kong	HK$500,000	–	60	–	60	Investment holding

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about major subsidiaries *(Continued)*

Name of subsidiary	Place of Incorporation and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			2024		2023		
			Direct	Indirect	Direct	Indirect	
揚中恒發新能源有限公司[1,2] Yangzhong Hengfa New Energy Company Limited. ("**Yangzhong Hengfa**")	PRC	RMB10,000,000	–	100	–	100	Supply and installation of solar photovoltaic parts and equipment
萬騰電氣（鎮江）有限公司[1,2] Mantone Electrical (Zhenjiang) Company Limited. ("**Mantone Electrical**")	PRC	RMB10,000,000	–	100	–	100	Provision of electrical distribution system
萊斯頓電氣（江蘇）有限公司[1,2] (Loydston Electrical (Jiangsu) Company Limited) ("**Loydston Electrical**")	PRC	RMB30,000,000	–	60	–	60	Provision of electrical distribution system
Strike Electrical Engineering Pte Ltd[3] ("**Strike Singapore**")	Singapore	S$1,510,000	100	–	100	–	Electrical works and general building engineering services
Kingbo Financial Limited	Hong Kong	HK$1	–	100	–	100	Provision of finance

Notes:

1. Registered as a wholly-foreign-owned enterprise under PRC law.
2. The unofficial English translations are for identification purposes only.
3. The Company is in the progress of deregistration, which does not have material effects on the consolidated financial statements.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company ("**Directors**"), principally affected the results or assets of the Group.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 July 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to IFRSs in the current year has no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has applied the amendments for the first time in the current year. IAS 1 "Presentation of Financial Statements" is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 "Making Materiality Judgements" (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the IFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 3 to the consolidated financial statements.

Amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[2]
Amendments to IAS 21	Lack of Exchangeability[3]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.
4 Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance (the "**CO**").

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss which have been measured at fair value at the and of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Revenue from contracts with customers

The Group 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.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or services.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Revenue from contracts with customers *(Continued)*

(a) Revenue from supply and installation of solar photovoltaic parts and equipment

Revenue from sale of goods is recognised at the point in time 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.

Revenue from the installation of solar photovoltaic parts and equipment is recognised over time using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or format enhanced. The input method recognise revenue on the basis of the Group's effort or inputs to the satisfaction of a performance obligation (i.e. contract costs incurred for work performed to date) relative to the total expected inputs to the satisfaction of that performance obligation (i.e. total estimated contract costs) that best depict the Group's performance in transferring control of goods or services.

(b) Revenue from provision of electrical distribution system

Revenue from provision of electrical distribution system is recognised at the point in time 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.

(c) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as "interest income" where it is mainly earned from financial assets that are held for cash management purposes.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) and are stated in the consolidated statement of financial position at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for such assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, similarly to other property assets, commences when the assets are ready for their intended use.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as lessee (Continued)

Right-of-use assets
The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that as a separate line item on the consolidated statement of financial position.

Lease liabilities
At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Lease payments included:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amounts of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or groups of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or groups of CGUs.

The recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. For corporate assets or a portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of groups of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to those groups of CGUs, with the recoverable amount of the groups of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or groups of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or groups of CGUs. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or groups of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU or groups of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Inventories

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

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of provision of electrical distribution system are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Value added tax ("VAT")

Pursuant to the PRC tax laws, in case of any sales, generally the VAT rate is 3% of the gross sales for small scale VAT payer and 13% of the gross sales for general VAT payer. Most of the PRC subsidiaries of the Company are considered as general VAT payers for the revenue. For general VAT payer, VAT on revenue is calculated at 13% on revenues from revenue and paid after deducting input VAT on purchases. The net VAT balance between input VAT and output VAT is recorded as accrued expenses in the Group's consolidated financial statements.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from (loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Employee benefits

Retirement benefit costs

Payments to the Mandatory Provident Funds (the “**MPF**”), the Central Pension Scheme (the “**CPS**”) and the Central Provident Fund (the “**CPF**”) are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group operates a defined contribution 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 5% of relevant employees’ basic salaries or up to a maximum of HK$1,500 per month to the scheme, which contribution is matched by employees 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Employee benefits *(Continued)*

Retirement benefit costs (Continued)

For Long Service Payment ("**LSP**") obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

Subsidiaries operating in the PRC have participated in 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.

Subsidiaries in Singapore make contributions to the 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.

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.

Termination benefits

Termination benefits result from either the Group's decision to terminate an employee's employment or an employee's decision to accept the Group's offer of benefits in exchange for termination of employment. The Group recognises a liability for benefits at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees render the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset. A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

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 32 to the consolidated 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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange fluctuation reserve (attributed to non-controlling interests as appropriate).

Exchange differences relating to the retranslation of the Group's net assets in Renminbi ("**RMB**") and Singapore dollars ("**S$**") to the Group's presentation currency (i.e. HK$) are recognised directly in other comprehensive income and accumulated in "exchange fluctuation reserve". Such exchange differences accumulated in the exchange fluctuation reserve are not reclassified to profit or loss subsequently.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Foreign currencies *(Continued)*

The change in functional currency of the Company was applied prospectively from the date of change. All items were translated into HK$ at the exchange rate on that date. The cumulative currency translation differences which had arisen from the translation of foreign operations up to the date of the change in functional currency were not reclassified from equity to profit or loss until the disposal of the relevant operations.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial Assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objectives is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

Financial assets are classified as held-for-trading since:

- they have been acquired principally for the purpose of selling in the near term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial Assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is presented in the "Change in fair value of financial assets at fair value through profit or loss, net" line item.

Impairment of financial assets

The Group perform impairment assessment under subject to impairment assessment under IFRS 9 expected credit losses ("**ECL**") model on financial assets (including trade receivables, deposits and other receivables, contract assets and cash and cash equivalents) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets without any significant financing component. The ECL on these assets is assessed individually for debtors with significant balances.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial Assets *(Continued)*

Impairment of financial assets (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increase significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligation;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its dept obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk of i) trade receivables and contract assets have increased significantly since initial recognition when contractual payments are more than 365 days past due; ii) financial assets other than trade receivables and contract assets have increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the mount becomes past due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial Assets *(Continued)*

Impairment of financial assets (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when i) trade receivables and contract assets are more than 730 days past due; ii) financial assets other than trade receivables and contract assets are more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial Assets *(Continued)*

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, deposit, and other receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities or at FVTPL are subsequently measured at amortised cost, using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, bank borrowings and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

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

(a) Provision of ECL for trade and other receivables and contract assets (the "Receivables")

The Group estimates the amount of loss allowance for ECL on the Receivables. The assessment of the ECL involves high degree of estimation and uncertainty.

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Assets move from 12-month to lifetime ECLs when there is a significant increase in credit risk, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

(b) Income taxes

Determining income tax provisions involve judgment on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

5. SEGMENT INFORMATION

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

(a) supply of solar photovoltaic parts and equipment (the "**Solar power business**"); and

(b) provision of electrical distribution system ("**Electrical distribution system business**").

Management considers the business from product type perspective. Management monitors the results of Solar power business and Electrical distribution system business separately for the purpose of making decisions about resource allocation and performance assessment. Management was of the view that these two segments were mutually exclusive and distinguished from each other.

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

There were no inter-segment sales in the two financial years ended 30 June 2024 and 30 June 2023.

Segment assets exclude unallocated head office and corporate assets such as certain of property, plant and equipment, financial assets at FVTPL, certain prepayments, deposits and other receivables and cash and cash equivalents as these assets are managed on a group basis.

5. SEGMENT INFORMATION *(Continued)*

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

Year ended 30 June 2024	Solar power business HK$'000	Electrical distribution system business HK$'000	Total HK$'000
Segment revenue:			
Sales to external customers	61,866	98,866	160,732
Results:			
Segment results before allowance for ECL	1,441	1,793	3,234
Allowance for ECL	(269)	(20,079)	(20,348)
Segment results	1,172	(18,286)	(17,114)
Unallocated losses			421
Corporate and other unallocated expenses			(25,859)
Loss before taxation			(42,552)
Segment assets:	67,210	144,593	211,803
Corporate and other unallocated assets			15,472
Total assets			227,275
Segment liabilities:	15,108	28,667	43,775
Corporate and other unallocated liabilities			31,756
Total liabilities			75,531

5. SEGMENT INFORMATION *(Continued)*

Year ended 30 June 2023	Solar power business HK$'000	Electrical distribution system business HK$'000	Total HK$'000
Segment revenue:			
Sales to external customers	38,477	43,041	81,518
Results:			
Segment results before allowance for ECL	2,408	1,640	4,048
Allowance for ECL	(23,241)	(3,506)	(26,747)
Segment results	(20,833)	(1,866)	(22,699)
Unallocated losses			(1,549)
Corporate and other unallocated expenses			(27,031)
Loss before taxation			(51,279)
Segment assets:	91,053	141,178	232,231
Corporate and other unallocated assets			18,419
Total assets			250,650
Segment liabilities:	15,793	32,593	48,386
Corporate and other unallocated liabilities			21,249
Total liabilities			69,635

5. SEGMENT INFORMATION *(Continued)*

Other segment information

	Solar power business HK$'000	Electrical distribution system business HK$'000	Unallocated HK$'000	Total HK$'000
Year ended 30 June 2024				
Depreciation of property, plant and equipment	**–**	**–**	**(75)**	**(75)**
Depreciation of right-of-use assets	**–**	**–**	**(517)**	**(517)**
Capital expenditure	**–**	**(3,343)**	**(3,314)**	**(6,657)**
Allowance for ECL recognised in respect of trade and other receivables, net	**(1,128)**	**(18,402)**	**–**	**(19,530)**
Reversal (allowance) for ECL recognised in respect of contract assets, net	**859**	**(1,677)**	**–**	**(818)**
Year ended 30 June 2023				
Depreciation of property, plant and equipment	–	–	(217)	(217)
Depreciation of right-of-use assets	–	–	(809)	(809)
Capital expenditure	–	–	(2,800)	(2,800)
Impairment loss recognised in respect of right-of-use asset	–	–	(181)	(181)
Impairment loss recognised in respect of property, plant and equipment	–	–	(54)	(54)
Allowance for ECL recognised in respect of trade and other receivables, net	(22,843)	(4,174)	–	(27,017)
(Allowance) reversal for ECL recognised in respect of contract assets, net	(398)	668	–	270

5. SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2024 HK$'000	2023 HK$'000
The PRC	**160,732**	81,518

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

(b) Non-current assets

	2024 HK$'000	2023 HK$'000
The PRC	**6,820**	1,862
Hong Kong	**955**	1,490
Singapore	**–**	8
	7,775	3,360

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

5. SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue from major customers for the two financial years ended 30 June 2024 and 2023 contributing over 10% of the total revenue of the Group were as follows:

	2024 HK$'000	2023 HK$'000
Customer A[1]	**46,686**	–
Customer B[2]	**37,496**	18,412
Customer C[2]	**32,802**	–
Customer D[2]	**28,567**	15,350
Customer E[1]	**–**	32,534
Customer F[1]	**–**	12,870

[1] Solar power business.

[2] Electrical distribution system business.

6. REVENUE

Revenue represents provision for solar power business and the value of goods sold during the year.

	2024 HK$'000	2023 HK$'000
Revenue from contracts with customers		
At a point in time:		
– Supply of solar photovoltaic parts and equipment	**61,866**	35,441
– Provision of electrical distribution system	**98,866**	43,041
Over time:		
– Installation of solar photovoltaic parts and equipment	**–**	3,036
	160,732	81,518

7. OTHER GAINS AND (LOSSES), NET

	2024 HK$'000	2023 HK$'000
Lapse of share option	**258**	–
Foreign exchange gain/(loss)	**91**	(40)
Bank interest income	**67**	550
Incentives from the Singapore Government *(Note (a))*	**15**	17
Loss on written off of property, plant and equipment	**(6)**	–
Gain on disposal of plant and equipment	**–**	238
Employment support scheme *(Note (b))*	**–**	104
Impairment loss recognised in respect of right-of-use asset	**–**	(181)
Impairment loss recognised in respect of property, plant and equipment	**–**	(54)
Others	**34**	285
	459	919

Notes:

(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.

(b) This represents COVID-19 related subsidies in respect of the Employment Support Scheme provided by the Hong Kong Government.

8. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest on interest-bearing bank borrowings	**274**	1,126
Interest on lease liabilities	**150**	105
Bank charges	**18**	41
	442	1,272

9. LOSS BEFORE TAXATION

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

		2024 HK$'000	2023 HK$'000
(a)	Cost of sales (Refer to (b) below)	**154,789**	76,075
	Auditors' remuneration		
	– Audit service	**996**	920
	– Non audit service	**306**	150
	Depreciation of property, plant and equipment *(Note 13)*	**75**	217
	Depreciation of right-of-use asset *(Note 15)*	**517**	809
	Expenses relating on short-term leases	**2,137**	1,074
	Legal and professional expenses	**715**	1,169
	Employee benefits (Refer to (c) below)	**17,899**	17,095
	Net fair value loss on financial assets at FVTPL (Refer to (d) below)	**28**	1,854
(b)	Cost of sales:		
	– Contract cost from provision of solar power business	**59,423**	35,785
	– Contract cost from provision of electrical distribution system	**95,366**	40,290
		154,789	76,075
(c)	Employee benefits:		
	– Directors' emoluments *(Note 10(a))*	**2,193**	3,053
	– Other staff salaries, wages and bonuses	**14,711**	13,099
	– Other staff equity-settled share-based expense	**158**	305
	– Retirement benefits, excluding directors' emoluments	**837**	638
		17,899	17,095
(d)	Net fair value loss on financial assets at FVTPL:		
	– Unrealised (gain) loss on fair value of financial assets at FVTPL	**(1)**	1,868
	– Realised loss (gain) on fair value of financial assets at FVTPL	**29**	(14)
		28	1,854

10. DIRECTORS, CHIEF EXECUTIVE EMOLUMENTS 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 applicable Listing Rules and the Hong Kong Companies Ordinance is as follows:

	2024 HK$'000	2023 HK$'000
Fees	**1,624**	2,440
Other remuneration:		
– Salaries and allowances	**480**	520
– Equity-settled share-based expense	**68**	72
– Retirement benefits	**21**	21
	2,193	3,053

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.

The equity-settled share-based expense represent the estimated value of share options to the Director 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 3.2.

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

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

During the year ended 30 June 2024, one director (2023: two directors) held share options under the Company's share option scheme, detail referred to "Share Option Scheme" (see Note 32).

(i) Independent non-executive directors

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

	Notes	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Retirement benefits HK$'000	Total HK$'000
Year ended 30 June 2024						
Leung Po Hon	*(i)*	**152**	**–**	**–**	**–**	**152**
Luo Xiaodong		**236**	**–**	**–**	**–**	**236**
Li Jin	*(ii)*	**185**	**–**	**–**	**–**	**185**
Chen Yeung Tak	*(iii)*	**78**	**–**	**–**	**–**	**78**
Wang Haoyuan *(appointed on 1 March 2024)*	*(iv)*	**52**	**–**	**–**	**–**	**52**
Ye Jieting	*(v)*	**52**	**–**	**–**	**–**	**52**
		755	**–**	**–**	**–**	**755**

	Notes	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonus HK$'000	Retirement benefits HK$'000	Total HK$'000
Year ended 30 June 2023						
Leung Po Hon	*(i)*	276	–	–	–	276
Luo Xiaodong		276	–	–	–	276
Li Jin	*(ii)*	276	–	–	–	276
		828	–	–	–	828

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

Notes:

(i) Leung Po Hon resigned as independent non-executive director of the Company with effect from 19 January 2024.

(ii) Li Jin resigned as independent non-executive director of the Company with effect from 1 March 2024.

(iii) Chen Yeung Tak was appointed as independent non-executive director of the Company with effect from 26 January 2024.

(iv) Wang Haoyuan was appointed as independent non-executive director of the Company with effect from 1 March 2024.

(v) Ye Jieting was appointed as independent non-executive director of the Company with effect from 1 March 2024 and resigned with effect from 19 July 2024.

10. DIRECTORS, CHIEF EXECUTIVE EMOLUMENTS 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

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 HK$'000	Salaries and allowances HK$'000	Equity-settled share-based expense HK$'000	Retirement benefits HK$'000	Total HK$'000
Year ended 30 June 2024					
Executive directors:					
Liu Yancheng *(Chairman)*	**480**	**480**	**68**	**18**	**1,046**
Yao Runxiong	**60**	**–**	**–**	**3**	**63**
Non-executive director:					
Tam Tak Wah *(Note)*	**329**	**–**	**–**	**–**	**329**
	869	**480**	**68**	**21**	**1,438**

	Fees HK$'000	Salaries and allowances HK$'000	Equity-settled share-based expense HK$'000	Retirement benefits HK$'000	Total HK$'000
Year ended 30 June 2023					
Executive directors:					
Liu Yancheng *(Chairman)*	952	520	36	18	1,526
Yao Runxiong	60	–	–	3	63
Non-executive director:					
Tam Tak Wah	600	–	36	–	636
	1,612	520	72	21	2,225

Note: Tam Tak Wah resigned as independent non-executive director of the Company with effect from 15 December 2023.

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

(b) Five highest paid employees

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

	2024	2023
Directors *(including Managing Director)*	**1**	1
Non-director employees	**4**	4
	5	5

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

The five highest paid employees during the year included one director (2023: one director), details of whose remuneration are set out in (a) above. Details of the remuneration for the year of the remaining four (2023: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 HK$'000	2023 HK$'000
Salaries and allowances	**7,238**	7,166
Discretionary bonus	**130**	130
Equity-settled share-based expense	**82**	120
Retirement benefits	**134**	135
	7,584	7,551

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

	2024	2023
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**2**	2
HK$2,000,001 to HK$3,000,000	**1**	1
	4	4

During the both years, no emoluments were paid by the Group to any of the persons who are directors (including managing director) of Company, or the five highest paid individuals an inducement to join or upon jointing the Group or as compensation for loss of office. None of directors or the five highest paid individuals has waived any remuneration during the years.

During the both years, salaries and bonuses paid to the five highest paid individuals who are neither a director nor chief executive of the Company were paid pursuant to the terms of their employment contracts with the Company. None of the bonuses paid to the five highest paid individuals who are neither a director nor chief executive of the Company were discretionary or based on the Company's or any member of the Group's performance.

11. INCOME TAX EXPENSE

	2024 HK$'000	2023 HK$'000
Current tax – The PRC		
– Charge for the year	**1,453**	1,202
Deferred tax *(Note 26)*	**52**	629
Total tax charge for year	**1,505**	1,831

The tax rate for Singapore subsidiary is based on Singapore corporate income tax ("**CIT**") rate at 17% for both years.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. Withholding tax was provided for dividend distributed and undistributed profits of certain subsidiaries in the Mainland China at a rate of 10% (2023: 10%).

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rate regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%.

Accordingly, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

11. INCOME TAX EXPENSE *(Continued)*

A reconciliation of the tax expense applicable to loss 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:

	2024					
	The PRC HK$'000	%	Hong Kong and others HK$'000	%	Total HK$'000	%
Loss before taxation	(20,420)		(22,132)		(42,552)	
Taxation at statutory tax rate	(5,105)	25.0	(3,722)	16.8	(8,827)	20.7
Income not subject to tax	(57)	0.3	(12)	0.1	(69)	0.2
Expense not deductible for tax	1,528	(7.5)	3,334	(15.0)	4,862	(11.4)
Deductible temporary difference not recognised	5,087	(24.9)	–	–	5,087	(12.0)
Tax loss not recognised	–	–	452	(2.1)	452	(1.1)
Tax charge at the Group effective rates	1,453	(7.1)	52	(0.2)	1,505	(3.5)

	2023					
	The PRC HK$'000	%	Hong Kong and others HK$'000	%	Total HK$'000	%
Loss before taxation	(24,517)		(26,762)		(51,279)	
Taxation at statutory tax rate	(6,130)	25.0	(4,445)	16.6	(10,575)	20.6
Income not subject to tax	(21)	0.1	(63)	0.2	(84)	0.2
Expense not deductible for tax	665	(2.7)	4,059	(15.1)	4,724	(9.2)
Deductible temporary difference not recognised	6,688	(27.3)	–	–	6,688	(13.0)
Tax loss not recognised	–	–	449	(1.7)	449	(0.9)
Withholding tax on undistributed profit of a subsidiary	629	(2.6)	–	–	629	(1.2)
Tax charge at the Group effective rates	1,831	(7.5)	–	–	1,831	(3.6)

At the end of the reporting period, the Group has unused tax losses of HK$53,152,000 (2023: HK$50,413,000) available for offset against future profits. No deferred tax asset has been recognised during the year ended 30 June 2024 and 2023 due to the unpredictability of future profit streams. The tax losses do not expire under current tax legislation.

12. 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:

	2024 HK$'000	2023 HK$'000
Loss		
Loss attributable to equity holders of the parent, used in the basic loss per share calculation	**(47,260)**	(61,622)

	2024 '000	2023 '000 (restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**89,167**	70,412
Basic loss per share (HK cents)	**(53.0)**	(87.5)

The weighted average number of ordinary shares for the purpose of basic loss per share for both years have been adjusted for right issue of shares on 8 May 2024.

Accordingly, the basic loss per share for the year ended 30 June 2023 is restated.

The computation of diluted earnings per share for both years does not assume the exercise of the Company's outstanding share options as the relevant exercise price of those options were higher than the average market price for the current year.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvement	Computer	Motor vehicles	Office and site equipment	Construction in progress *(Note)*	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost:						
As at 1 July 2022	1,672	220	2,046	626	–	4,564
Additions	–	–	–	250	–	250
Written-off	(1,155)	(15)	–	(46)	–	(1,216)
Disposals	–	–	(786)	–	–	(786)
Exchange realignment	14	1	–	(4)	–	11
As at 30 June 2023 and 1 July 2023	**531**	**206**	**1,260**	**826**	**–**	**2,823**
Additions	**–**	**–**	**–**	**296**	**6,361**	**6,657**
Written-off	**–**	**(39)**	**–**	**(189)**	**–**	**(228)**
Exchange realignment	**–**	**–**	**–**	**(6)**	**(20)**	**(26)**
As at 30 June 2024	**531**	**167**	**1,260**	**927**	**6,341**	**9,226**
Accumulated depreciation and impairment:						
As at 1 July 2022	1,440	206	2,046	563	–	4,255
Charge for the year	178	14	–	25	–	217
Written-off	(1,155)	(15)	–	(41)	–	(1,211)
Impairment loss for the year	54	–	–	–	–	54
Disposals	–	–	(786)	–	–	(786)
Exchange realignment	14	1	–	5	–	20
As at 30 June 2023 and 1 July 2023	**531**	**206**	**1,260**	**552**	**–**	**2,549**
Charge for the year	**–**	**–**	**–**	**75**	**–**	**75**
Written-off	**–**	**(39)**	**–**	**(183)**	**–**	**(222)**
Exchange realignment	**–**	**–**	**–**	**(4)**	**–**	**(4)**
As at 30 June 2024	**531**	**167**	**1,260**	**440**	**–**	**2,398**
Net carrying value:						
As at 30 June 2024	**–**	**–**	**–**	**487**	**6,341**	**6,828**
As at 30 June 2023	–	–	–	274	–	274

Note: The construction in progress represented a management's quarter located in the PRC and leasehold improvements.

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation is provided to write-off the cost less the residual values of items of property, plant and equipment (other than construction in progress) over their estimated useful life, using straight-line method at the following rates per annum:

Leasehold land and buildings	2% or over the term of the relevant lease
Leasehold improvement	$33^1/_3$%
Computer	$33^1/_3$%
Motor vehicles	$33^1/_3$%
Office and site equipment	$12^1/_2$% to $33^1/_3$%

14. DEPOSITS FOR PLANT AND EQUIPMENT

Amount being deposit paid for the plant and equipment of the working premise in the PRC.

15. RIGHT-OF-USE ASSET

	Motor vehicle HK$'000	Buildings leased for own used HK$'000	Total HK$'000
Cost			
As at 1 July 2022	–	5,118	5,118
Additions	1,550	–	1,550
As at 30 June 2023, 1 July 2023 and 30 June 2024	**1,550**	**5,118**	**6,668**
Accumulated depreciation			
As at 1 July 2022	–	4,214	4,214
Depreciation provided for the year	86	723	809
Impairment loss for the year	–	181	181
As at 30 June 2023 and 1 July 2023	**86**	**5,118**	**5,204**
Depreciation provided for the year	**517**	**–**	**517**
As at 30 June 2024	**603**	**5,118**	**5,721**
Net carrying amounts			
As at 30 June 2024	**947**	**–**	**947**
As at 30 June 2023	1,464	–	1,464

Notes:

(a) The Group leases several assets including properties and motor vehicle. The average lease terms are 3 to 4 years (2023: 3 to 4 years).

(b) The total cash outflow for leases including payments of principal and interest portion of lease liabilities and short-term leases amount approximately to HK$3,357,000 for the year ended 30 June 2024 (2023: approximately to HK$1,971,000).

(c) The Group regularly entered into short-term leases for office and warehouse. As at 30 June 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

(d) In addition to the portfolio of short-term leases for office and warehouse which are regularly entered into by the Group, the Group entered into a short-term leases for factory building during the year ended 30 June 2024. As at 30 June 2024, the outstanding lease commitments relating to the factory building is HK$503,000.

16. INVENTORIES

	2024 HK$'000	2023 HK$'000
Finished goods	**31,662**	–

17. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables:		
Third parties		
– Gross amount	**223,901**	178,033
– Less: allowance for ECL	**(89,351)**	(70,316)
	134,550	107,717
Deposits and other receivables:		
Deposits	**705**	731
Others	**298**	332
	1,003	1,063
Total trade receivables, deposits and other receivables	**135,553**	108,780

Trade receivables

Trade receivables are non-interest bearing and are generally on terms of 180 to 360 days.

An aging analysis of the trade receivables as at the end of the year, based on the invoice date/delivery date (net of allowance for ECL), is as follows:

	2024 HK$'000	2023 HK$'000
Less than 30 days	**25,168**	18,204
30 to 60 days	**–**	–
61 to 90 days	**15,258**	–
91 to 180 days	**33,301**	–
181 to 365 days	**26,409**	35,575
Over 365 days	**34,414**	53,938
	134,550	107,717

Trade receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. The Group does not hold any collateral or other credit enhancements over these balances. Up to the date of issuance of these consolidated financial statements, there are subsequent settlement received from the trade debtors of RMB30,226,000 (equivalent to approximately HK$32,487,000).

Further details on the Group's credit policy and credit risk arising from trade receivables, deposits and other receivables are set out in Note 35.

18. CONTRACT ASSETS

	2024 HK$'000	2023 HK$'000
Contract assets *(Note (a))*	**7,080**	5,789
Less: allowance for ECL *(Note (b))*	**(2,347)**	(1,542)
	4,733	4,247

As at 1 July 2022, contract assets amounted to HK$17,288,000.

Notes:

(a) Contract assets primarily relate to the subsidiaries, i) Strike Singapore rights to consideration for work completed but not yet billed at reporting date of Nil (2023: HK$1,359,000); ii) retention receivable of provision of electrical distribution system of HK$6,225,000 (2023: HK$2,339,000); and iii) retention receivable of installation of solar photovoltaic parts of HK$855,000 (2023: HK$2,091,000). Contract assets that brought forward from prior years of HK$5,789,000 (2023: HK$17,879,000) are transferred to receivables when the rights become unconditional.

(b) Net allowance for ECL of approximately HK$818,000 (2023: reversal for ECL approximately HK$270,000) was recognised in profit or loss during the year ended 30 June 2024. Further details on the Group's credit policy and credit risk arising from contract assets are set out in Note 35.

19. PREPAYMENTS

	2024 HK$'000	2023 HK$'000
Prepayments		
– Advance payments made to suppliers *(Note)*	**22,773**	118,438
– Other	**465**	579
	23,238	119,017

Note: For the Group's business operations, advance payments are required when suppliers request partial or full payment for products prior to the delivery or provision of the relevant goods or services.

As at 30 June 2024, these advance payments mainly comprised approximately HK$25,000 as a prepayment to suppliers for photovoltaic parts and equipment, and approximately HK$22,748,000 as a prepayment for electrical distribution systems. These prepayments were made in accordance with the terms specified in the purchase contracts, and the Group has also entered into corresponding sales contracts with customers. Subsequent to the end of the reporting period, all prepayments were fully utilised.

As at 30 June 2023, advance payments primarily consisted of approximately HK$48,422,000 as a prepayment to suppliers for photovoltaic parts and equipment, and approximately HK$70,016,000 as a prepayment for electrical distribution systems. These prepayments were made in accordance with the terms specified in the purchase contracts, and the Group had also entered into corresponding sales contracts with customers. All prepayments were fully utilised during the year ended 30 June 2024.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK$'000	2023 HK$'000
Listed securities held-for-trading, at fair value:		
Equity securities listed in Hong Kong	**5**	1,539

The above equity investments as at 30 June 2024 and 2023 were classified as financial asset at fair value through profit or loss and were accordingly, belonged to the financial assets at FVTPL category.

Stock code	Company name	No. of share held at 30 June 2024 '000	Market value as at 30 June 2024 HK$'000	Market value as at 30 June 2023 HK$'000	Change in fair value of held-for-trading instruments for the years ended (Note 9(d)) 30 June 2024 HK$'000	30 June 2023 HK$'000
164	China Baoli Technologies Holdings Limited	**4,900**	**5**	21	**(5)**	(41)
804	Pinestone Capital Limited	**N/A**	**N/A**	514	**(151)**	(753)
1869	Li Bao Ge Group Limited	**N/A**	**N/A**	181	**(1)**	10
8423	Chi Ho Development Holdings Limited	**N/A**	**N/A**	790	**150**	(1,028)
8293	SingAsia Holdings Limited	**2,000**	**–***	33	**(21)**	(42)
			5	1,539	**(28)**	(1,854)

Equity securities listed in Hong Kong were measured at fair value at the end of the reporting period. The fair value of the equity securities listed in Hong Kong were determined with reference to quoted market closing price.

During the year ended 30 June 2024, a net loss arising on change in fair value of financial assets at FVTPL of HK$28,000 (2023: HK$1,854,000) was recognised in the consolidated statement of profit or loss.

* The market value of equity securities in SingAsia Holdings Limited amounted to HK$278. The amount shown above is a result of rounding.

21. CASH AND CASH EQUIVALENTS

	2024 HK$'000	2023 HK$'000
Cash at banks and on hand	**24,309**	13,707

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

Bank balances denominated in foreign currency as at the end of the year are as follows:

	2024 HK$'000	2023 HK$'000
HK$	**2,410**	62

Renminbi of HK$14,829,000 (2023: HK$3,358,000) 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.

22. TRADE AND OTHER PAYABLES

	2024 HK$'000	2023 HK$'000
Trade payables:		
Third parties	**8,747**	3,077
Other payables:		
Accrued liabilities *(Note (a))*	**4,986**	4,643
VAT and other tax payables	**21,167**	24,820
Warranty provision *(Note (b))*	**4,006**	1,960
Others	**2,133**	2,186
	32,292	33,609
Total	**41,039**	36,686

22. TRADE AND OTHER PAYABLES *(Continued)*

Notes:

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

(b) The Group has adopted the estimation where the warranty obligation is the equivalent of 2.5% of revenues of provision of electrical distribution system and solar power business, which is consistent with the practice of the relevant industry. The accrual basis stays at 2.5% based on the best estimation, the Group derives its estimates from results from historical data and other assumptions that the Group believes to be reasonable under the circumstances.

Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on terms of 30 to 90 days.

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

	2024 HK$'000	2023 HK$'000
Less than 90 days	**4,330**	541
91 to 180 days	**104**	–
181 to 365 days	**4,313**	2,536
	8,747	3,077

23. AMOUNT DUE TO A DIRECTOR

Amount due to a director is unsecured, interest-free and repayable on demand.

24. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the current reporting periods:

	2024		2023	
	Present value of the minimum lease payments HK$'000	**Total minimum lease payment HK$'000**	Present value of the minimum lease payments HK$'000	Total minimum lease payment HK$'000
Within 1 year	**704**	**789**	975	1,125
After 1 year but within 2 years	**801**	**877**	1,505	1,666
	1,505	**1,666**	2,480	2,791
Less: total future interest expense		**(161)**		(311)
Present value of lease obligations		**1,505**		2,480

Analysed for reporting purposes as:

	2024 HK$'000	2023 HK$'000
Current liabilities	**704**	975
Non-current liabilities	**801**	1,505
	1,505	2,480

The weighted average incremental borrowing rates applied to lease liabilities are 4.52% (2023: 4.52%).

25. BANK BORROWINGS

	2024 HK$'000	2023 HK$'000
Bank Borrowings		
Secured bank borrowings	**3,762**	10,815
Represented by:		
Carrying amount repayable within one year	**3,762**	10,815
	3,762	10,815

The bank borrowings bear interest of 0.75% over 1 year PRC Loan Prime Rate per annum as at 30 June 2024 (2023: ranged from 0.35% to 0.55%).

At 30 June 2024 and 2023, the Group's bank borrowings are secured by:

(i) interest of properties located in the PRC of a senior management of the Group; and

(ii) personal guarantee provided by a senior management of the Group.

26. DEFERRED TAXATION

The movements in deferred tax (assets) liabilities during the years are as follows:

	Accelerated tax depreciation HK$'000	Lease liabilities HK$'000	Right-of-use asset HK$'000	Withholding tax on undistributed earnings of PRC subsidiaries HK$'000	Total HK$'000
As at 1 July 2022	–	(149)	149	–	–
Charge (credit) to profit or loss *(Note 11)*	–	149	(149)	629	629
Exchange realignment	–	–	–	(23)	(23)
As at 30 June 2023 and 1 July 2023	–	–	–	606	606
Charge to profit or loss *(Note 11)*	52	–	–	–	52
Exchange realignment	–	–	–	(4)	(4)
As at 30 June 2024	**52**	**–**	**–**	**602**	**654**

27. SHARE CAPITAL

	Par value HK$	Number of ordinary shares	Amount HK$
Authorised:			
As at 1 July 2022	0.01	5,000,000,000	50,000,000
Share consolidation *(Note (a))*		(4,750,000,000)	–
As at 30 June 2023, 1 July 2023 and 30 June 2024	**0.2**	**250,000,000**	**50,000,000**
Issued and fully paid:			
As at 1 July 2022	0.01	1,390,280,000	13,902,800
Share consolidation *(Note (a))*		(1,320,766,000)	–
	0.2	69,514,000	13,902,800
Issue of shares *(Note (b))*	0.2	13,902,800	2,780,560
As at 30 June 2023 and 1 July 2023	0.2	83,416,800	16,683,360
Rights issue of shares *(Note (c))*	0.2	41,708,400	8,341,680
As at 30 June 2024	**0.2**	**125,125,200**	**25,025,040**

Notes:

(a) On 17 January 2023, the director of the Company proposed to implement a share consolidation on the basis that every 20 issued and unissued shares of HK$0.01 each would be consolidated into 1 share of HK$0.2 each. Pursuant to an ordinary resolution passed on 27 February 2023, the share consolidation was approved by the shareholders of the Company and has become effective on 1 March 2023. Immediately after the share consolidation, the total number of issued shares of the Company was adjusted from 1,390,280,000 to 69,514,000. Details of the which are set out in the Company's announcements dated 17 January 2023, 27 February 2023, 28 February 2023. and the Company's circular dated 7 February 2023.

(b) On 24 May 2023, the Company entered into a placing agreement (the "**Placing Agreement**") with a placing agent under general mandate, pursuant to which the placing shares represent 20% of total issued shares prior to this Placing, to issue 13,902,800 new shares of the Company at a placing price of HK$0.22 per placing share.

The placing price represents (i) a discount of approximately 1.35% to the closing price of HK$0.223 per share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) equivalent to the average closing price of approximately HK$0.22 per share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement. The placing was completed on 12 June 2023 and the gross proceeds from the placing are approximately HK$3.06 million and the net proceeds from the Placing are approximately HK$2.86 million (after deduction of placing commission and other related expenses). Details of the placing are set out in the Company's announcements dated 24 May 2023 and 12 June 2023.

(c) On 8 May 2024, the Company completed 41,708,400 rights shares at a subscription price of HK$0.4 per rights share on the basis of one rights shares for every two then existing ordinary share held. The Company raised net proceeds of approximately HK$15,953,000 after before transaction costs amounting to approximately HK$732,000 with the intention at the time of rights issue to develop its sale of cosmetic products business, develop solar power and electrical distribution system business and finance general working capital of the Group.

28. 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 HK$'000	Share premium HK$'000	Total HK$'000
As at 1 July 2022	1,390,280,000	13,903	563,328	577,231
Share consolidation *(Note 27(a))*	(1,320,766,000)	–	–	–
Issue of shares *(Note 27(b))*	13,902,800	2,780	232	3,012
As at 30 June 2023 and 1 July 2023	83,416,800	16,683	563,560	580,243
Rights issue of shares *(Note 27(c))*	41,708,400	8,342	7,611	15,953
As at 30 June 2024	**125,125,200**	**25,025**	**571,171**	**596,196**

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.

29. RELATED PARTY TRANSACTIONS

(a) In addition to the related party information disclosed elsewhere in the consolidated 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	**2024 HK$'000**	2023 HK$'000
Operating expenses recharged by a related company	*(i)*	**–**	6
Rental expenses charged by a related company	*(ii)*	**155**	429

Notes:

(i) Operating expenses recharged by a related company mainly referred to the utilities charges for the office premises which was paid on the Group's behalf by Victrad Enterprise (Pte) Limited ("**Victrad**"), a company controlled by a key management personnel of the Group.

(ii) Rental expense was charged by Victrad with reference to the rent of other similar premises.

(b) 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 2023.

(ii) The lease agreement for the lease of workers dormitory units entered into between Strike Singapore and Victrad was expired on 30 June 2023.

(iii) The amount of total rental expenses charged by Victrad during the year is included in Note 29(a)(ii) to the consolidated financial statements. There are no operating lease commitments in respect of the above leases as at the end of reporting period (2023: Nil).

29. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Compensation of key management personnel of the Group

	2024 HK$'000	2023 HK$'000
Directors' fees	**1,624**	2,440
Salaries and allowances	**6,249**	6,546
Discretionary bonus	**130**	130
Equity-settled share-based expense	**150**	131
Retirement benefits	**78**	156
	8,231	9,403
Comprise amounts paid to:		
Directors of the Company	**2,193**	3,053
Key management personnel	**6,038**	6,350
	8,231	9,403

(d) Financial arrangements

At 30 June 2024 and 2023, the Company had the following balance with related parties:

	2024 HK$'000	2023 HK$'000
Amount due to Mr. Liu Yancheng *(Note)*	**11,899**	3,597

Note: As at 30 June 2024 and 2023, the outstanding balance due to Mr. Liu Yancheng, director of the Company, was unsecured, interest-free and repayable on demand (see Note 23).

As disclosed in Note 25, at 30 June 2024 and 2023, the Group's bank borrowings are secured by:

(i) interest of properties located in the PRC of a senior management of the Group; and

(ii) personal guarantee provided by a senior management of the Group.

30. CAPITAL COMMITMENTS

	2024 HK$'000	2023 HK$'000
Capital expenditure contracted for but not provided in respect of acquisition of plant and equipment	**377**	1,082

31. 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:

2024

Financial assets

	Financial assets at FVTPL HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Financial assets at FVTPL	5	–	5
Trade receivables, deposits and other receivables	–	135,553	135,553
Cash and cash equivalents	–	24,309	24,309
	5	159,862	159,867

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and other payables (excluding VAT payable and accrued liabilities)	10,880
Amount due to a director	11,899
Bank borrowings	3,762
Lease liabilities	1,505
	28,046

31. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2023

Financial assets

	Financial assets at FVTPL HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Financial assets at FVTPL	1,539	–	1,539
Trade receivables, deposits and other receivables	–	108,780	108,780
Cash and cash equivalents	–	13,707	13,707
	1,539	122,487	124,026

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and other payables (excluding VAT payable and accrued liabilities)	5,263
Amount due to a director	3,597
Bank borrowings	10,815
Lease liabilities	2,480
	22,155

32. SHARE OPTION SCHEME

A 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 and was terminated on 15 December 2023 (the "**2017 Scheme**"). All outstanding options granted under the 2017 Scheme will continue to be valid and exercisable in accordance with the provisions of the 2017 Scheme.

A share option scheme was adopted by the Company following the resolution passed at the annual general meeting of the Company held on 15 December 2023 (the "**2023 Scheme**"). 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).

As at the date of adoption of the 2023 scheme the total number of issued shares of the Company was 83,416,800 shares of HK$0.2 each. Pursuant to the Listing Rules and the share option scheme, the total number of shares which might fall to be issued upon exercise of all share options to be granted under the share option scheme was 8,341,680, representing 10% of the then total number of issued shares of the Company as at the date of adoption of the 2023 scheme and the maximum number of shares that might be issued upon the exercise of all share options under the share option scheme or other schemes. The 2023 scheme will last for 10 years from the date of adoption.

Options granted must be taken up within 21 days from the date of offer and a non-refundable nominal consideration of HK$1.0 is payable on the grant of the Company's options. The exercise price of a share in respect of option granted under the 2017 Scheme and 2023 Scheme will be determined by the Board provided that it shall not be less than the higher of: (i) the closing price of the shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, and (ii) the average closing price of the shares as stated in the daily quotation sheet of the Stock Exchange for the 5 business days immediately preceding the date of grant, and (iii) the nominal value of the shares.

Details of specific categories of options granted under the 2017 Scheme are as follows:

Date of grant	Exercise period	Exercise price
20 December 2022	20 December 2023 to 19 December 2032 (both dates inclusive)	0.838 *(note 1 and 2)*

These options were vested on 20 December 2023 and exercisable from the date of vesting to 19 December 2032 (both dates inclusive).

32. SHARE OPTION SCHEME *(Continued)*

The following table discloses movements of the Company's share options held by employees and directors pursuant to the 2017 Scheme during the year:

Grantees	Date of grant	Exercise price per Share HK$ *(note 1)*	Outstanding balance as at 1 July 2023	Lapsed during the year	Adjustment *(note 1)*	Outstanding balance as at 30 June 2024
For the year ended 30 June 2024						
Directors	20 December 2022	0.838	**1,390,280**	**(695,140)**	**1,729**	**696,869**
Employees	20 December 2022	0.838	**3,549,720**	**(2,585,420)**	**2,399**	**966,699**
			4,940,000	**(3,280,560)**	**4,128**	**1,663,568**
Exercisable at end of the year						**1,663,568**

Grantees	Date of grant	Exercise price per Share HK$ *(note 2)*	Outstanding balance as at 1 July 2022	Granted during the year	Adjusted for share consolidation *(note 2)*	Outstanding balance as at 30 June 2023
For the year ended 30 June 2023						
Directors	20 December 2022	0.84	–	27,805,600	(26,415,320)	1,390,280
Employees	20 December 2022	0.84	–	70,994,400	(67,444,680)	3,549,720
			–	98,800,000	(93,860,000)	4,940,000
Exercisable at end of the year						–

Notes:

(1) As a result of the Rights Issue, adjustments are made to the exercise prices and the number of Shares to be issued upon exercise of the outstanding Options, pursuant to the terms and conditions of the 2017 Scheme, Rule 17.03(13) of the Listing Rules in relation to the adjustment to the terms of the 2017 Scheme, the Supplementary Guidance on the Listing Rule 17.03(13) and the Note Immediately After the Rule (the "**Stock Exchange Supplementary Guidance**") attached to the Frequently Asked Question No. 072-2020 issued by the Stock Exchange on 6 November 2020 and updated in January 2023.

(2) The exercise price of the outstanding share options and the number of consolidated shares to be issued upon the exercise of the outstanding share options have been adjusted taken into account of the share consolidation which became effective on 1 March 2023, details of which are set out in the Company's announcement dated 28 February 2023.

32. SHARE OPTION SCHEME *(Continued)*

On 20 December 2022, the Company resolved to grant share options to 8 eligible participants, including 2 directors, 1 senior management and 5 employees of the Group under the 2017 Scheme to subscribe for a total of 98,800,000 ordinary shares of HK$0.01 each in the share capital of the Company. The estimated fair value of the options granted on that date was HK$2,425,000.

The fair value of the options granted and remaining outstanding during the period are calculated using the Binomial Option Pricing model. The inputs into the model are as follows:

Option life	10 years
Share price	HK$0.038
Exercise price	HK$0.042
Risk-free rate	3.34%
Expected volatility	84%
Expected dividend yield	0%
Employee turnover rate	0%
Early exercise multiplier	2.8

The Group recognised a total expense of HK$227,000 (2023: HK$377,000) for the year ended 30 June 2024 in relation to share options granted by the Company.

No option was granted pursuant to the 2023 Scheme during year ended 30 June 2024.

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

The table below shows details of non-wholly owned subsidiaries 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/(loss) allocated to non-controlling interest		Accumulated non-controlling interest	
		30 June 2024	30 June 2023	**30 June 2024 HK$'000**	30 June 2023 HK$'000	**30 June 2024 HK$'000**	30 June 2023 HK$'000
Kahuer and its subsidiaries ("**Kahuer Group**")	The BVI/The PRC	**40%**	40%	**3,448**	8,516	**32,023**	28,754
Individually immaterial subsidiaries with non-controlling interests				**(245)**	(4)	**(623)**	(322)
				3,203	8,512	**31,400**	28,432

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 intra-group eliminations.

Kahuer Group

	2024 HK$'000	2023 HK$'000
Current assets	**159,130**	151,213
Current liabilities	**(78,471)**	(78,722)
Non-current liabilities	**(602)**	(606)
Equity attributable to owners of the Company	**48,034**	43,131
Non-controlling interests	**32,023**	28,754
Revenue	**–**	17,703
Income	**8,620**	3,586
Profit for the year	**8,620**	21,289
Total comprehensive income for the year	**8,172**	20,474
Cash flows from operating activities	**6,271**	81,348
Cash flows used in financing activities	**(6,294)**	(115,962)

34. 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 Group financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Group financial controller 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 an orderly transaction between market participants at the measurement date, other than in a forced or liquidation sale.

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

The Group did not have any financial liabilities measured at fair value as at 30 June 2024 and 2023.

Beside the note above, there are no other transferred fair value measurement between Level 1, 2 and 3 for the year ended 30 June 2024 and 2023.

The Group's policy is to recognise transfers between levels of fair value hierarchy as of the date of the events or changes in circumstances that cause the transfer.

Some of the Group's and the Company's financial assets and financial liabilities are measured at fair value as at 30 June 2024 and 2023. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Type	Fair value hierarchy	Valuation technique and key input	Significant unobservable inputs
Financial assets			
Financial assets at FVTPL – Listed equity securities in HK market 2024: HK$5,000 2023: HK$1,539,000	Level 1	Quoted price in an active market	• N/A

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of financial assets at fair value through profit or loss 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, trade and other payables, amount due to a director and bank borrowings, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate 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.

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 HK$), with all other variables held constant, on the Group's loss after tax for the year:

	2024 Decrease (increase) in loss before tax HK$'000	2023 Decrease (increase) in loss before tax HK$'000
Renminbi – strengthened 5% (2023: 5%)	**2**	2
– weakened 5% (2023: 5%)	**(2)**	(2)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities (see Note 24 for details) and fixed-rate bank borrowings (see Note 25 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 22 for details). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major lenders to meet its liquidity requirements in the short and longer term.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity, operating performance of the Group and its available sources of financing, and are of the opinion that the cash flow generated from operating activities and certain appropriate financing-activities of the Group will be able to meet the funding needs of operations and repay the outstanding interest bearing borrowings.

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

Liquidity risk *(Continued)*

In order to improve the Group's financial position, the directors of the Company have been implementing various measures as follows:

(i) expediting the realisation of trade receivables and prepayments so as to improve the working capital position and the operating cash flows;

(ii) negotiating with respective lenders to renew and extend the existing borrowings upon their maturities;

(iii) reviewing its investments and actively considering to realise certain financial assets at fair value through profit or loss, in order to enhance the cash flow position of the Group whenever it is necessary;

(iv) implementing an active cost-saving measures to control administrative costs through various ways to improve operating cash flows at a level sufficient to finance the working capital requirements of the Group; and

(v) continuing to seek for other alternative financing and bank borrowings to increase the Group's equity and liquidity when necessary, in which the Company completed rights issue of shares (Note 27(c)) and raised net proceeds of approximately HK$15,953,000 in May 2024.

The directors of the Company have carried out detail review on the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from the end of the reporting period. In preparing the cash flow forecast, the directors have considered historical cash requirements of the Group as well as other key factors, including the availability of the loan finance which may impact the operations of the Group during the next twelve-month period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

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

Liquidity risk *(Continued)*

	Weighted average interest rate %	On demand or within one year HK$'000	More than one year but not less than five years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying amount HK$'000
As at 30 June 2024					
Non-derivative financial liabilities					
Trade and other payables	–	10,880	–	10,880	10,880
Amount due to a director	–	11,899	–	11,899	11,899
Bank borrowings	4.20%	3,762	–	3,762	3,762
Lease liabilities	4.52%	789	877	1,666	1,505
		27,330	877	28,207	28,046

	Weighted average interest rate %	On demand or within one year HK$'000	More than one year but not less than five years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying amount HK$'000
As at 30 June 2023					
Non-derivative financial liabilities					
Trade and other payables	–	5,263	–	5,263	5,263
Amount due to a director	–	3,597	–	3,597	3,597
Bank borrowings	3.97%	10,815	–	10,815	10,815
Lease liabilities	4.52%	1,125	1,666	2,791	2,480
		20,800	1,666	22,466	22,155

35. 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 financial assets at FVTPL (Note 20) as at 30 June 2024 and 2023. 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.

	Carrying amount of equity investments HK$'000	Decrease in loss before tax HK$'000
5% increase/decrease in fair value		
2024		
Investment listed in:		
Hong Kong – Financial assets at FVTPL	**5**	**–**
2023		
Investments listed in:		
Hong Kong – Financial assets at FVTPL	1,539	77

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 contract assets, 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.

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 65.1% (2023: approximately 53.4%) of the Group's trade receivables were due from the top 3 (2023: top 3) trade debtors.

Trade receivables, deposits and other receivables and contract assets

In order to minimise the credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. The Company has set the policies in place to ensure that transactions are made to customers with an appropriate credit history. In addition, the Group performs impairment assessment under ECL model on trade receivables based on credit rating. In this regard, the Directors consider that the Company's credit risk is significantly reduced.

Trade receivables, deposits and other receivables and contract assets consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables, deposits and other receivables and contract assets.

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

Credit risk *(Continued)*

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Watch list	Debtor with invoice overdue but repays after due dates	Lifetime ECL – not credit-impaired
Doubtful	There have been significant increases in credit risk and overdue more than 365 days but less than 730 days	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired

Internal credit rating	Description	Financial assets other than trade receivables/contract assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Watch list	Debtor with invoice overdue but repays after due dates	Lifetime ECL – not credit-impaired
Doubtful	Debtor with invoice overdue for 90 days or more with slow repayment pattern	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired

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

Credit risk *(Continued)*

Internal credit rating

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed on a collective basis within lifetime ECL (not credit-impaired).

	(Per ECL Working)							
	2024				2023			
Internal credit rating	Average loss rate	Trade receivables HK$'000	Contract assets HK$'000	Total allowance HK$'000	Average loss rate	Trade receivables HK$'000	Contract assets HK$'000	Total Allowance HK$'000
Low risk	6.1%	43,045	2,265	2,756	4.2%	19,007	2,360	845
Watch list	40.9%	68,630	2,703	29,179	N/A	–	–	–
Doubtful	52.3%	112,226	2,112	59,763	43.7%	159,026	3,429	71,013
	39.7%	223,901	7,080	91,698	39.1%	178,033	5,789	71,858

The estimated loss rates are estimated based on historical market observed default rates and recovery rate over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

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

Credit risk *(Continued)*

The provision of trade and other receivables and contract assets as at 30 June 2024 reconciles to the opening provision allowance on 1 July 2023 and to the closing provision as at 30 June 2024 was as follows:

Trade and other receivables

	Lifetime ECL (not credit-impaired) HK$'000
As at 1 July 2022	48,016
– Allowance for ECL recognised *(Note (i))*	58,181
– Allowance for ECL reversed *(Note (ii))*	(31,164)
Exchange realignment	(4,717)
As at 30 June 2023 and 1 July 2023	**70,316**
– Allowance for ECL recognised *(Note (i))*	**59,600**
– Allowance for ECL reversed *(Note (ii))*	**(40,070)**
Exchange realignment	**(495)**
As at 30 June 2024	**89,351**

Notes:

(i) The allowance for ECL of HK$59,600,000 (2023: HK$58,181,000) was recognised under lifetime ECL (not credit-impaired) as the credit risk has increased significantly since initial recognition based on the financial background, financial condition and historical settlement records of the counterparties, and both the quantitative and qualitative information including reasonable and supportive forward-looking information available without undue cost or effort.

(ii) The allowance for ECL reversed of HK$40,070,000 (2023: HK$31,364,000) was attributed to the settlement of trade receivables with carrying amount of HK$131,822,000 (2023: HK$149,147,000).

Contract assets

	Lifetime ECL (not credit-impaired) HK$'000
As at 1 July 2022	1,950
– Allowance for ECL recognised	1,603
– Allowance for ECL reversed	(1,873)
Exchange realignment	(138)
As at 30 June 2023 and 1 July 2023	**1,542**
– Allowance for ECL recognised	**2,354**
– Allowance for ECL reversed	**(1,536)**
Exchange realignment	**(13)**
As at 30 June 2024	**2,347**

35. 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 years ended 30 June 2024 and 2023.

The Group monitors capital using a gearing ratio, which is net debt/cash divided by equity attributable to owners of the Company. Net debt/cash includes trade and other payables, amount due to a director, bank borrowings, 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:

	2024 **HK$'000**	2023 HK$'000
Cash and cash equivalents	**24,309**	13,707
Less: Trade and other payables	**(41,039)**	(36,686)
Amount due to a director	**(11,899)**	(3,597)
Bank borrowings	**(3,762)**	(10,815)
Net debt	**(32,391)**	(37,391)
Equity attributable to owners of the Company	**120,344**	152,583
Capital and net debt	**152,735**	189,974
Gearing ratio	**26.9%**	24.5%

36. RECONCILIATION OF LIABILITY ARISING FROM FINANCING ACTIVITY

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Amount due to a director HK$'000	Bank borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
As at 1 July 2022	–	–	1,827	1,827
New lease entered	–	–	1,550	1,550
Financing cash inflows (outflows)	3,597	11,329	(897)	14,029
Exchange realignment	–	(514)	–	(514)
As at 30 June 2023 and 1 July 2023	**3,597**	**10,815**	**2,480**	**16,892**
Financing cash inflows (outflows)	**8,321**	**(7,008)**	**(975)**	**338**
Exchange realignment	**(19)**	**(45)**	**–**	**(64)**
As at 30 June 2024	**11,899**	**3,762**	**1,505**	**17,166**

37. RETIREMENT BENEFIT PLANS

The Group operates the MPF Scheme for all qualifying employees in Hong Kong. The assets of the above scheme are held separately from those of the Group in funds under the control of trustees. The Group contributes at the lower of HK$1,500 per month or 5% of the relevant payroll costs to the MPF Scheme.

The employees employed by the PRC subsidiaries are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

The total expenses recognised in profit or loss of HK$837,000 (2023: HK$659,000) represent contributions payable to these schemes by the Group in respect of the current accounting period and contributions to the schemes vests immediately. No forfeited contribution is available to reduce the contribution payable in the future years at 30 June 2024 and 30 June 2023.

LSP obligation

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period. There is no significant impact on the Group's LSP liability with respect to employees that participate in MPF Scheme.

38. EVENTS AFTER THE REPORTING PERIOD

Besides elsewhere in consolidated financial statement, the Group did not have other material subsequent event.

39. 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:

	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSET		
Interests in subsidiaries	**77,733**	116,777
Total non-current assets	**77,733**	116,777
CURRENT ASSETS		
Other receivable	**350**	350
Prepayments	**105**	207
Cash and cash equivalents	**6,385**	1,116
Total current assets	**6,840**	1,673
CURRENT LIABILITIES		
Other payables	**1,453**	1,836
Amount due to a subsidiary	**10,618**	4,820
Amounts due to a director	**4,510**	2,000
Lease liabilities	**406**	704
Total current liabilities	**16,987**	9,360
NET CURRENT LIABILITIES	**(10,147)**	(7,687)
TOTAL ASSETS LESS CURRENT LIABILITIES	**67,586**	166,509
NON-CURRENT LIABILITY		
Lease liabilities	**–**	406
Total non-current liability	**–**	406
NET ASSETS	**67,586**	108,684
EQUITY		
Share capital	**25,025**	16,683
Reserves *(Note)*	**42,561**	92,001
TOTAL EQUITY	**67,586**	108,684

The Company's statement of financial position was approved and authorised for issue by the board of directors on 30 September 2024 and signed on its behalf by:

Liu Yancheng	**Yao Runxiong**
Director	*Director*

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

Note:

	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total equity HK$'000
As at 1 July 2022	13,903	563,328	–	(406,287)	170,944
Loss for the year	–	–	–	(65,649)	(65,649)
Issue of shares *(Note 27(b))*	2,780	232	–	–	3,012
Recognition of equity-settled share-based expense *(Note 32)*	–	–	377	–	377
As at 30 June 2023 and 1 July 2023	**16,683**	**563,560**	**377**	**(471,936)**	**108,684**
Loss for the year	**–**	**–**	**–**	**(57,020)**	**(57,020)**
Right issue of shares *(Note 27(c))*	**8,342**	**7,611**	**–**	**–**	**15,953**
Recognition of equity-settled share-based expense *(Note 32)*	**–**	**–**	**227**	**–**	**227**
Lapse of share option	**–**	**–**	**(258)**	**–**	**(258)**
As at 30 June 2024	**25,025**	**571,171**	**346**	**(528,956)**	**67,586**

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 September 2024.

Five Year Financial Summary

30 June 2024

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:

	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
Revenue	**160,732**	81,518	211,606	380,146	302,532
Cost of sales	**(154,789)**	(76,075)	(189,112)	(342,390)	(277,448)
Gross profit	**5,943**	5,443	22,494	37,756	25,084
Other gains and losses, net	**459**	919	(1,052)	5,155	(1,002)
Administrative expenses	**(26,712)**	(27,275)	(28,888)	(27,910)	(25,409)
Change in fair value of financial assets at fair value through profit or loss/ held-for-trading investments, net	**(28)**	(1,854)	(3,322)	(6,255)	(10,976)
Allowance for expected credit loss recognised in respect of financial assets at amortised cost, net	**(20,348)**	(26,747)	(20,812)	(17,921)	(8,060)
Impairment loss recognised in respect of goodwill	**–**	–	–	(10,107)	(48,356)
Finance costs	**(442)**	(1,272)	(144)	(137)	(51)
Other operating expenses	**(1,424)**	(493)	(712)	(692)	(1,226)
Share of result of joint ventures	**–**	–	–	–	924
Shares of results of an associate	**–**	–	–	–	(700)
Loss before tax	**(42,552)**	(51,279)	(32,436)	(20,111)	(69,772)
Income tax expense	**(1,505)**	(1,831)	(19,337)	(8,018)	(4,028)
Loss for the year	**(44,057)**	(53,110)	(51,773)	(28,129)	(73,800)
Attributable to owners of the Company	**(47,260)**	(61,622)	(44,005)	(30,142)	(74,903)
Non-controlling interests	**3,203**	8,512	(7,768)	2,013	1,103
	(44,057)	(53,110)	(51,773)	(28,129)	(73,800)
Assets and liabilities:					
Total assets	**227,275**	250,650	309,251	426,127	416,229
Total liabilities	**(75,531)**	(69,635)	(63,165)	(81,796)	(68,619)
Total equity	**151,744**	181,015	246,086	344,331	347,610
Equity attributable owners of the Company	**120,344**	152,583	225,840	276,389	288,453
Non-controlling interests	**31,400**	28,432	20,246	67,942	59,157
	151,744	181,015	246,086	344,331	347,610