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Super Strong Holdings Limited
宏強控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8262)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 30 JUNE 2023

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED
(THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Super Strong Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

ANNUAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 30 June 2023 (the “**Reporting Period**”), which have been audited and agreed by the auditor of the Company, together with the audited comparative figures for the year ended 30 June 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	116,132	132,945
Direct costs		<u>(110,111)</u>	<u>125,211</u>
Gross profit		6,021	7,734
Interest revenue		1,815	1,213
Other incomes, gains and (losses)	4	(3,585)	741
Administrative expenses		<u>(18,245)</u>	<u>(20,714)</u>
Loss from operation		(13,994)	(11,026)
Finance costs		(82)	(196)
Share of loss of an associate		<u>–</u>	<u>(2)</u>
Loss before tax		(14,076)	(11,224)
Income tax expense	5	<u>(5)</u>	<u>(734)</u>
Loss for the year	6	<u>(14,081)</u>	<u>(11,958)</u>
Other comprehensive (expense)/income after tax:			
<i>Items that will not be reclassified to profit or loss:</i>			
– Fair value changes of equity investment at fair value through other comprehensive income		<u>(35)</u>	<u>–</u>
<i>Items that may be reclassified to profit or loss:</i>			
– Exchange differences on translating foreign operations		<u>1</u>	<u>–</u>
Other comprehensive expense for the year, net of tax		<u>(34)</u>	<u>–</u>
Total comprehensive expense for the year		<u>(14,115)</u>	<u>(11,958)</u>

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Loss for the year attributable to:			
Owners of the Company		(14,079)	(11,956)
Non-controlling interests		<u>(2)</u>	<u>(2)</u>
		<u>(14,081)</u>	<u>(11,958)</u>
Total comprehensive expense for the year attributable to:			
Owners of the Company		(14,113)	(11,956)
Non-controlling interests		<u>(2)</u>	<u>(2)</u>
		<u>(14,115)</u>	<u>(11,958)</u>
Loss per share			
	8		
Basic (HK cents)		<u>(1.77)</u>	<u>(1.50)</u>
Diluted (HK cents)		<u>(1.77)</u>	<u>(1.50)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Plant and equipment		800	996
Right-of-use assets		1,869	2,374
Equity investment at fair value through other comprehensive income		–	37
Deferred tax assets		19	14
Deposits and prepayments		<u>34,206</u>	<u>40,219</u>
		<u>36,894</u>	<u>43,640</u>
Current assets			
Trade receivables	9	7,386	25,996
Other receivables, deposits and prepayments		25,411	20,945
Contract assets		18,582	27,620
Tax recoverable		–	2,094
Pledged bank balances		11,093	10,764
Bank balances and cash		<u>45,535</u>	<u>39,169</u>
		<u>108,007</u>	<u>126,588</u>
Current liabilities			
Trade payables	10	5,936	11,269
Other payables, retention payables and accrued charges		26,121	29,354
Contract liabilities		6,966	4,577
Tax payable		307	–
Bank borrowings		–	5,000
Lease liabilities		<u>1,541</u>	<u>1,408</u>
		<u>40,871</u>	<u>51,608</u>
Net current assets		<u>67,136</u>	<u>74,980</u>
Total assets less current liabilities		<u>104,030</u>	<u>118,620</u>

		2023	2022
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		<u>356</u>	<u>972</u>
Net assets		<u>103,674</u>	<u>117,648</u>
Capital and reserves			
Share capital	<i>11</i>	7,959	8,000
Reserves		<u>95,715</u>	<u>109,646</u>
Equity attributable to owners of the Company		103,674	117,646
Non-controlling interests		<u>-</u>	<u>2</u>
Total equity		<u>103,674</u>	<u>117,648</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Capital contribution	Share options reserve	Revaluation reserve	Translation reserve	Retained profits	Subtotal		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2021	8,000	40,903	11,572	5,557	-	-	63,577	129,609	-	129,609
Total comprehensive expense for the year	-	-	-	-	-	-	(11,956)	(11,956)	(2)	(11,958)
Recognition of equity-settled share-based payments	-	-	-	359	-	-	-	359	-	359
Repurchase of shares	-	(366)	-	-	-	-	-	(366)	-	(366)
Set up of a subsidiary	-	-	-	-	-	-	-	-	4	4
At 30 June 2022	<u>8,000</u>	<u>40,537</u>	<u>11,572</u>	<u>5,916</u>	<u>-</u>	<u>-</u>	<u>51,621</u>	<u>117,646</u>	<u>2</u>	<u>117,648</u>
At 1 July 2022	8,000	40,537	11,572	5,916	-	-	51,621	117,646	2	117,648
Total comprehensive expense for the year	-	-	-	-	(35)	1	(14,079)	(14,113)	(2)	(14,115)
Recognition of equity-settled share-based payments	-	-	-	141	-	-	-	141	-	141
Lapse of share options	-	-	-	(3,921)	-	-	3,921	-	-	-
Cancellation of repurchased shares	(41)	41	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	35	-	(35)	-	-	-
At 30 June 2023	<u>7,959</u>	<u>40,578</u>	<u>11,572</u>	<u>2,136</u>	<u>-</u>	<u>1</u>	<u>41,428</u>	<u>103,674</u>	<u>-</u>	<u>103,674</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. GENERAL INFORMATION

Super Strong Holdings Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 22 September 2015 and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 30 March 2016. The registered office of the Company is located at PO Box 309, Uglan House, Grand Cayman KY1-1104, Cayman Islands. The principal place of business of the Company is located at Unit D, 3/F., Freder Centre, 3 Mok Cheong Street, Tokwawan, Kowloon, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are the provision of property construction services in Hong Kong.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to its operations and effective for its accounting year beginning on 1 July 2022. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from construction services. An analysis of the Group’s revenue is as follow:

	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Construction services	<u>116,132</u>	<u>132,945</u>

Segment information

For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive of the Group) reviews the overall results and financial position of the Group, which are prepared based on the same accounting policies. Accordingly, the Group presents only one single operating segment and no further analysis is presented.

Geographical information

No geographical information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered and the Group's non-current assets are physically located in Hong Kong.

Timing of revenue recognition

All timing of revenue recognition is over time for the years ended 30 June 2023 and 2022.

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the year is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	33,594	49,853
Customer B	50,426	24,974
Customer C	2,900*	20,860

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Construction service fee income

The Group provides construction service to the customers. When the progress towards complete satisfaction of the performance obligations of a construction contract can be measured reasonably, revenue from the contract and the contract costs are recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for the contract. This method provides the most reliable estimate of the percentage of completion.

When the progress towards complete satisfaction of the performance obligations of a construction contract cannot be measured reasonably, revenue is recognised only to the extent of contract costs incurred that is expected to be recoverable.

The customers pay the contract prices to the Group according to the payment schedules as stipulated in the contracts. If the service rendered by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the service rendered, a contract liability is recognised.

The contract price is allocated to the performance obligations based on the relative stand-alone selling prices of the performance obligations. The stand-alone selling prices are determined by applying the expected cost plus a margin approach.

4. OTHER INCOMES, GAINS AND (LOSSES)

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Exchange loss	(13)	(412)
Gain on disposal of plant and equipment	6	–
Gain on lease modification	–	95
Government subsidy	348	656
Provision of allowance for bad and doubtful debts for contract assets	(6,344)	–
Reversal of allowance for bad and doubtful debts for trade receivables, net	2,352	365
Sundry income	66	37
	<u>(3,585)</u>	<u>741</u>

5. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong Profits Tax		
– Under-provision in prior years	10	698
Deferred taxation – current year	(5)	36
	<u>5</u>	<u>734</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong Profits Tax has been made for the years ended 30 June 2023 and 30 June 2022 as the Group did not generate any assessable profits arising in Hong Kong during both years.

According to the Enterprise Income Tax Law (中華人民共和國企業所得稅法) and the Implementation of the Enterprise Income Tax Law of the People's Republic of China (“PRC”) (中華人民共和國企業所得稅法實施條例), an entity eligible as a Small Low-profit Enterprise (小型微利企業) is subject to preferential tax treatments. From 1 January 2022 to 31 December 2022, the annual taxable income not more than RMB1,000,000 of a Small Low-profit Enterprise is subject to Enterprise Income Tax calculated at 12.5% of its taxable income at a tax rate of 20% and the annual taxable income between RMB1,000,000 and RMB3,000,000 is calculated at 25% of its taxable income at a tax rate of 20%. From 1 January 2023 to 31 December 2024, the annual taxable income not more than RMB3,000,000 of a Small Low-profit Enterprise is subject to Enterprise Income Tax calculated at 25% of its taxable income at a tax rate of 20%.

The subsidiaries of the Group established in the PRC (excluding Hong Kong) are eligible as a Small Low-profit Enterprise and are subject to the relevant preferential tax treatments for the years ended 30 June 2023 and 30 June 2022. No provision for Enterprise Income Tax for the years ended 30 June 2023 and 30 June 2022 has been made as the subsidiaries did not generate any assessable profits during both years.

The income tax expense for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss before taxation	<u>(14,076)</u>	<u>(11,224)</u>
Tax at the domestic tax rate	(2,323)	(1,852)
Tax effect of expenses not deductible for tax purpose	1,353	1,072
Tax effect of income not taxable for tax purpose	(538)	(726)
Tax effect of estimated tax losses not recognised	1,503	1,542
Under-provision in prior years	<u>10</u>	<u>698</u>
Income tax expense	<u><u>5</u></u>	<u><u>734</u></u>

6. LOSS FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditor's remuneration	688	750
Directors' remuneration	3,884	4,061
Other staff costs:		
Salaries and other benefits	16,310	18,686
Equity-settled share option expense	5	16
Retirement benefit schemes contributions	522	624
Total staff costs*	<u>20,721</u>	<u>23,387</u>
Depreciation of plant and equipment	575	481
Depreciation of right-of-use assets	1,655	1,912
Gain on disposal of plant and equipment	(6)	-
Gain on lease termination	<u>-</u>	<u>(3)</u>

* The staff costs were expensed in direct costs and administrative expenses amounting to HK\$12,488,000(2022: HK\$14,603,000) and HK\$8,233,000 (2022: HK\$8,784,000) respectively.

7. DIVIDENDS

No dividend was proposed for the years ended 30 June 2023 and 30 June 2022.

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

Loss

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the purpose of calculating basic and diluted loss per share	<u>(14,079)</u>	<u>(11,956)</u>

Number of shares

	2023 '000	2022 '000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>795,940</u>	<u>799,521</u>

9. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	8,458	29,420
Less: allowance for bad and doubtful debts	<u>(1,072)</u>	<u>(3,424)</u>
	<u>7,386</u>	<u>25,996</u>

The Group allows a credit period of 30 to 60 days to its customers for construction works. An ageing analysis of the trade receivables, presented based on the invoice date at the end of the reporting period, is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 30 days	5,780	17,571
31 – 60 days	1,232	5,391
61 – 180 days	<u>374</u>	<u>3,034</u>
	<u>7,386</u>	<u>25,996</u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributable to customers are reviewed regularly. Approximately 78% (2022: 68%) of trade receivables as at 30 June 2023, that are neither past due nor impaired have good credit quality. These customers have no default of payment in the past.

Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK\$1,606,000 (2022: HK\$8,425,000) which are past due at the end of the reporting period, for which the Group has not provided for impairment loss. The directors of the Company consider that these receivables are still recoverable as there has not been a significant change in credit quality of these customers and there are continuous subsequent settlements from these customers. The Group does not hold any collateral over these balances.

The movements in the allowance for doubtful debts during the year are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Balance at beginning of year	3,424	3,789
Reversal of impairment losses recognised, net	<u>(2,352)</u>	<u>(365)</u>
Balance at end of year	<u>1,072</u>	<u>3,424</u>

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	Within 90 days past day	Over 90 days past due	Over 180 days past due	Over 1 year past due	Total
At 30 June 2023						
Weighted average expected loss rate	0%	20%	50%	0%	100%	
Receivable amount (HK\$'000)	5,780	1,540	748	–	390	8,458
Loss allowance (HK\$'000)	–	308	374	–	390	1,072
	Current	Within 90 days past due	Over 90 days past due	Over 180 days past due	Over 1 year past due	Total
At 30 June 2022						
Weighted average expected loss rate	0%	0%	50%	0%	100%	
Receivable amount (HK\$'000)	17,571	5,391	6,068	–	390	29,420
Loss Allowance (HK\$'000)	–	–	3,034	–	390	3,424

10. TRADE PAYABLES

The credit period granted to the Group by suppliers and subcontractors is 30 to 60 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the Reporting Period:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 30 days	5,654	9,312
31 – 60 days	32	–
61- 180 days	–	1,502
Over 180 days	<u>250</u>	<u>455</u>
Total	<u><u>5,936</u></u>	<u><u>11,269</u></u>

11. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 July 2021, 30 June 2022, 1 July 2022 and 30 June 2023	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
At 1 July 2021, 30 June 2022 and 1 July 2022	800,000,000	8,000
Cancellation of repurchased shares (<i>note</i>)	<u>(4,060,000)</u>	<u>(41)</u>
At 30 June 2023	<u><u>795,940,000</u></u>	<u><u>7,959</u></u>

Note: The Company's annual general meeting approved a share repurchase plan on 3 November 2021, pursuant to which the Company is allowed to repurchase a maximum of 80,000,000 ordinary shares, being 10% of fully-paid issued shares of the Company on GEM. For the year ended 30 June 2022, the Company repurchased an aggregate of 4,060,000 shares at an average price of HK\$0.09 for an aggregate consideration of HK\$366,000 under this share repurchase plan, among which 4,060,000 shares are not cancelled. On 12 July 2022, the Company cancelled 4,060,000 shares. The total amount paid to acquire the shares has been deducted from the share capital and share premium account.

All issued shares rank pari passu in all respects including all rights as to dividends, voting and return of capital.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes bank borrowings, and equity of the Group, comprising issued share capital and reserves. Management of the Group reviews the capital structure regularly taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through issue of new shares, raise of new borrowings or repayment of existing borrowings.

12. LITIGATION

There is a legal action by a sub-contractor (“**the Plaintiff**”) against another sub-contractor (“**the 1st Defendant**”) and W.M. Construction Limited (“**the 2nd Defendant**”), an indirect wholly-owned subsidiary of the Company, for a total sum of HK\$10,328,249.29 being an alleged outstanding payment owed to the Plaintiff. The management consider the counterclaim by the Plaintiff against the 2nd Defendant in the said sum of HK\$10,328,249.29 is unjustifiably excessive, with part of the counterclaim lacking substantiation and evidence in support. The management expect the case will be set down for trial.

13. EVENT AFTER THE REPORTING PERIOD

On 5 December 2022, King Victory Investment Limited (“**KV**”), a wholly owned subsidiary of the Group, commenced a legal action for the outstanding loan amounting to HK\$15,000,000, related interest and costs of the action from Mr. Chan Hon Wing and Ms. Yuen Sau Lin Florence (the “**Borrowers**”). On 19 July 2023, KV received a written judgment (the “**Judgment**”) from the Registrar of the High Court which states the Borrowers need to pay the outstanding amounts, interest and legal costs to KV. On 19 July 2023, KV also received the Borrowers’ Notice of Appeal against the Judgment (the “**Appeal**”). On 31 August 2023, the Appeal was dismissed by the Deputy High Court Judge in the High Court and the Judgment was upheld by the High Court. KV is in the process of seeking legal advice and shall take appropriate actions, to recover the outstanding loan, related interest and costs of action.

BUSINESS REVIEW AND OUTLOOK

Throughout the year, the Group actively pursued various business opportunities, submitting 22 tenders totaling approximately HK\$1,404.8 million for construction projects in the market. Given the challenging economic environment, the Group maintained a policy of prudence and focused on tenders with reasonable profit margins to mitigate operational risks and reduce overall exposure. However, due to intense competition, particularly within Hong Kong's property market downturn, our success rate in securing tenders remained low, impacting the Group's financial performance. During the year, we successfully executed 5 main projects and monitored the progress of 10 construction projects that had reached substantial completion in previous years. Additionally, our Group maintained a healthy financial position with a notably low gearing level.

The Directors recognize that future business opportunities for the Group will be influenced by the competition in the construction market and the performance of Hong Kong's property market. Given the recent trend of increasing interest rates and the stringent stamp duty policy imposed by the Hong Kong Government on property acquisitions, the local property market has experienced a decline in prices. Consequently, the Directors have refrained from participating in tenders with thin profit margins. However, with the Hong Kong Government's proposed initiatives to develop the northern region of Hong Kong and other big developments such as Kai Tak Hospital and Kau Yi Chau artificial island, we anticipate an increase in construction project supply in the market. We aim to actively pursue opportunities in this area and participate in expected new projects.

Furthermore, the Group has explored diversification within the construction industry, seeking complementary opportunities to enhance overall profitability for the benefit of our shareholders. While our attempts to expand our construction business in the Chinese market were unsuccessful due to unfavorable conditions of property market in China, we will closely monitor its development and signs of improvement because it possesses a broad market opportunity.

Moving forward, the Directors will continue to carefully evaluate projects, striking a balance between risk and return. Given the intense competition in the construction field, we will persist in exploring new business and investment opportunities that can generate favorable returns for our shareholders. This may involve acquisitions or strategic collaborations with partners from different sectors, thereby enhancing our Group's long-term profitability.

FINANCIAL REVIEW

Revenue

Our revenue decreased from approximately HK\$132.9 million for the year ended 30 June 2022 to approximately HK\$116.1 million for the year ended 30 June 2023, representing a decrease of approximately 12.6%. Such decrease was mainly due to keen competition and a drop of construction orders being taken up during the year.

Direct Cost

Our direct costs decreased from approximately HK\$125.2 million for the year ended 30 June 2022 to approximately HK\$110.1 million for the year ended 30 June 2023, representing a decrease of approximately 12.1%. Such decrease were in line with the drop of revenue.

Gross Profit

Gross profit of the Group decreased of approximately 22.1% from approximately HK\$7.7 million for the year ended 30 June 2022 to approximately HK\$6.0 million for the year ended 30 June 2023. The gross profit margin decreased from approximately 5.8% for the year ended 30 June 2022 to approximately 5.2% for the year ended 30 June 2023. The decrease in gross profit was in line with the drop in revenue and was due to a drop of construction order being taken up during the year ended 30 June 2023.

Administrative Expenses

Administrative expenses of the Group decreased of approximately 12.1% from approximately HK\$20.7 million for the year ended 30 June 2022 to approximately HK\$18.2 million for the year ended 30 June 2023. The decrease was the net effect of an increase of legal fees, and the decrease of directors' remuneration, entertainment, and repairs and maintenance costs.

Other income, gains and (losses)

Other income HK\$0.7 million for the year ended 30 June 2022 changed to other losses HK\$3.6 million for the year ended 30 June 2023. The change is mainly due to the net effect of an increase in bad and doubtful provision on receivables, and the decrease of government subsidy and exchange loss.

Income Tax Expense

Income tax expense of the Group decreased by approximately 99.3% from approximately HK\$734,000 for the year ended 30 June 2022 to approximately HK\$5,000 for the year ended 30 June 2023. The decrease was mainly due to the decrease of the under-provision tax.

Loss and Total Comprehensive Expense for the Year Ended 30 June 2023 Attributable to Owners of the Company

Loss and total comprehensive expense for the year attributable to owners of the Company was approximately HK\$14.1 million for the year ended 30 June 2023 (30 June 2022: approximately HK\$12.0 million). The increase of loss was primarily attributable to the net effect of (i) the decrease in gross profit; (ii) the decrease in administrative expenses; and (iii) the increase in bad and doubtful debts for the year ended 30 June 2023.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to maintain a healthy liquidity position during the year ended 30 June 2023. As at 30 June 2023, the Group had bank balances and cash of approximately HK\$45.5 million (30 June 2022: approximately HK\$39.2 million) and pledged bank balances of approximately HK\$11.1 million (30 June 2022: approximately HK\$10.8 million). There was no outstanding interest-bearing borrowings as at 30 June 2023 (30 June 2022: approximately HK\$5.0 million), and the current ratio as at 30 June 2023 was approximately 2.6 times (30 June 2022: approximately 2.5 times).

As at 30 June 2023, the Group had total assets of approximately HK\$144.9 million (30 June 2022: approximately HK\$170.2 million), which was financed by total liabilities and shareholders' equity of approximately HK\$41.2 million (30 June 2022: approximately HK\$52.6 million) and approximately HK\$103.7 million (30 June 2022: approximately HK\$117.6 million), respectively.

GEARING RATIO

The gearing ratio is calculated based on the total loans and borrowings (interest-bearing bank borrowings) divided by total equity as at the respective reporting date. As at 30 June 2023, there was no outstanding interest-bearing borrowings and the gearing ratio is nil (30 June 2022: approximately 4.2%).

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 30 June 2023. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

PLEDGE OF ASSETS

As at 30 June 2023, the Group pledged its bank deposits to a bank of approximately HK\$11.1 million (30 June 2022: approximately HK\$10.8 million) as collateral to secure bank facilities and performance guarantee granted to the Group.

As at 30 June 2023, the Group pledged its deposits paid for a life insurance policy with an aggregate net book value of approximately HK\$9.2 million (30 June 2022: approximately HK\$9.1 million) as collateral to secure bank facilities and performance guarantee granted to the Group. Also, the Group has pledged the cash deposits to secure the performance bonds granted by the third parties.

Save as disclosed above, the Group did not have any charges on its assets.

FOREIGN EXCHANGE EXPOSURE

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong Dollars. For the year ended 30 June 2023, there was no significant exposure to foreign exchange rate fluctuations and the Group had not maintained any hedging policy against the foreign currency risk. The management will consider hedging significant currency exposure should the need arise.

CAPITAL STRUCTURE

As at 30 June 2023, the Company's issued share capital was HK\$7,959,400 (30 June 2022: HK\$8,000,000) and the number of its issued ordinary shares was 795,940,000 (30 June 2022: 800,000,000) of HK\$0.01 each. During the year, the Company cancelled 4,060,000 issued ordinary shares. Save as disclosed above, there was no change in capital structure during the year ended 30 June 2023.

COMMITMENTS

As at 30 June 2023, the Group did not have any capital commitment (30 June 2022: HK\$nil).

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed on note 3 to the consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any future plans for material investments or capital assets as of 30 June 2023.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 30 June 2023, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

At 30 June 2023, performance guarantees of approximately HK\$10,758,000 (30 June 2022: HK\$Nil) given by banks were secured by certain bank deposit and the deposit placed for the life insurance policy and guaranteed by corporate guarantee by the Company, which will be released upon completion of the contract works.

At 30 June 2023, performance guarantees of approximately HK\$37,729,000 (30 June 2022: HK\$46,787,000) given by third parties were secured by the Group's cash deposits, which will be released upon completion of the contract works.

Performance guarantee are given by banks and third parties in favour of the Group's customers as security for the due performance and observance of the Group's obligations under contracts entered into between the Group and their customers for construction work. The Group has contingent liabilities to indemnify the banks and third parties for any claims from customers under the guarantee due to the failure of the Group's performance.

There is a legal action by a sub-contractor ("**the Plaintiff**") against another sub-contractor ("**the 1st Defendant**") and W.M. Construction Limited ("**the 2nd Defendant**"), an indirect wholly-owned subsidiary of the Company, for a total sum of HK\$10,328,249.29 being an alleged outstanding payment owed to the Plaintiff. The management consider the counterclaim by the Plaintiff against the 2nd Defendant in the said sum of HK\$10,328,249.29 is unjustifiably excessive, with part of the counterclaim lacking substantiation and evidence in support. The management expect the case will be set down for trial.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2023, the Group employed a total of 36 employees (30 June 2022: 47 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$20.7 million for the year ended 30 June 2023 (30 June 2022: approximately HK\$23.4 million).

The Group promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff, competitive remuneration package is offered to employees (with reference to market norms and individual employees' performance, qualification and experience). On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual's performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of training courses. Share options may also be granted to eligible employees by reference to the Group's performance as well as individual contribution.

SIGNIFICANT INVESTMENTS HELD

Except for investment in its subsidiaries, the Group did not hold any significant investments during the year ended 30 June 2023.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the year ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2023.

CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 15 of the GEM Listing Rules.

During the year ended 30 June 2023, the Company has complied with the CG Code.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the "Code of Conduct"). The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have fully complied with the relevant required standard of dealings set out in the Code of Conduct during the year ended 30 June 2023.

SHARE OPTION SCHEME

The shareholders of the Company approved and adopted the Share Option Scheme by way of written resolutions on 9 March 2016. Since the listing date and up to 30 June 2023, a total of 16,800,000 share options to subscribe for 16,800,000 ordinary shares of HK\$0.01 each of the Company, representing approximately 2.1% of the total issued share capital of the Company, were granted to two executive Directors and other employee under the Share Option Scheme.

Details of the movements of share options granted, exercised or cancelled/lapsed during the period and outstanding as at 30 June 2023 are as follows:

Grantee	Date of grant of share options	Exercise price of share options HK\$	Closing price immediately before date of grant HK\$	Exercise period (both dates inclusive)	At 1 July 2022	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Outstanding at 30 June 2023
Mr. Kwok Tung Keung	29 November 2017	0.371	0.385	29 November 2017 to 28 November 2022	7,900,000	-	-	7,900,000	-
	3 December 2018	0.307	0.300	3 December 2018 to 2 December 2023	7,900,000	-	-	-	7,900,000
	3 March 2020	0.245	0.245	3 March 2020 to 3 March 2023	7,900,000	-	-	7,900,000	-
Mr. Ko Chun Hay Kelvin	29 November 2017	0.371	0.385	29 November 2017 to 28 November 2022	7,900,000	-	-	7,900,000	-
	3 December 2018	0.307	0.300	3 December 2018 to 2 December 2023	7,900,000	-	-	-	7,900,000
	3 March 2020	0.245	0.245	3 March 2020 to 3 March 2023	7,900,000	-	-	7,900,000	-
Other employee	29 November 2017	0.371	0.385	29 November 2017 to 28 November 2022	500,000	-	-	500,000	-
	3 December 2018	0.307	0.300	3 December 2018 to 2 December 2023	1,000,000	-	-	-	1,000,000
	3 March 2020	0.245	0.245	3 March 2020 to 3 March 2023	300,000	-	-	300,000	-
Total				<u>49,200,000</u>	<u>-</u>	<u>-</u>	<u>32,400,000</u>	<u>16,800,000</u>	

AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”) with its written terms of reference in compliance with paragraphs C3.3 and C3.7 of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control and risk management systems of the Group, nominate and monitor external auditors and to provide advices and comments to the Board on matters related to corporate governance. The Audit Committee currently consists of three members, namely Mr. Donald William Sneddon, Mr. Ng Man Li and Ms. Wong Shuk Fong, all being independent non-executive Directors of the Company. Ms. Wong Shuk Fong currently serves as the chairman of the Audit Committee.

The Group’s audited consolidated annual results for the year ended 30 June 2023 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Friday, 3 November 2023, the notice of which shall be sent to the shareholders of the Company in accordance with the articles of association of the Company, the GEM Listing Rules and other applicable laws and regulations.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2023 (30 June 2022: HK\$nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 31 October 2023 to Friday, 3 November 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Monday, 30 October 2023.

EVENT AFTER THE REPORTING PERIOD

On 5 December 2022, King Victory Investment Limited (“**KV**”), a wholly owned subsidiary of the Group, commenced a legal action for the outstanding loan amounting to HK\$15,000,000, related interest and costs of the action from Mr. Chan Hon Wing and Ms. Yuen Sau Lin Florence (the “**Borrowers**”). On 19 July 2023, KV received a written judgment (the “**Judgment**”) from the Registrar of the High Court which states the Borrowers need to pay the outstanding amounts, interest and legal costs to KV. On 19 July 2023, KV also received the Borrowers' Notice of Appeal against the Judgment (the “**Appeal**”). On 31 August 2023, the Appeal was dismissed by the Deputy High Court Judge in the High Court and the Judgment was upheld by the High Court. KV is in the process of seeking legal advice and shall take appropriate actions, to recover the outstanding loan, related interest and costs of action.

Saved as disclosed above, no other material events occurred after the end of the reporting period and up to the date of this announcement.

APPRECIATION

The Board would like to extend its sincere thanks to our shareholders, customers, subcontractors and business partners for their continuous support to the Group. We would also like to take this opportunity to thank all management members and staff for their hard work and dedication throughout the year.

By Order of the Board
Super Strong Holdings Limited
Ko Chun Hay Kelvin
Chief Executive Officer

Hong Kong, 8 September 2023

As at the date of this announcement, the executive Directors are Mr. Kwok Tung Keung, Mr. Ko Chun Hay Kelvin and Mr. Qiu Haiquan; and the independent non-executive Directors are Mr. Donald William Sneddon, Mr. Ng Man Li and Ms. Wong Shuk Fong.

This announcement will remain on the GEM's website at www.hkgem.com on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and on the website of the Company at www.wmcl.com.hk.