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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 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 and its subsidiaries. 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.*

FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated first quarterly results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 30 September 2023 (the “**Relevant Period**”), together with the unaudited comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 30 September 2023

	Notes	Three months ended	
		2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	14,354	30,406
Cost of sales		<u>(13,664)</u>	<u>(29,685)</u>
Gross profit		690	721
Other income		190	287
Administrative expenses		(5,984)	(4,869)
Finance costs		<u>–</u>	<u>(21)</u>
(Loss) before tax		(5,104)	(3,882)
Income tax expense	4	<u>–</u>	<u>–</u>
(Loss) and total comprehensive expense for the period		<u>(5,104)</u>	<u>(3,882)</u>
(Loss) and total comprehensive expense for the period attributable to:			
Owners of the Company		(5,101)	(3,880)
Non-controlling interests		<u>(3)</u>	<u>(2)</u>
		<u>(5,104)</u>	<u>(3,882)</u>
(Loss) per share			
Basic and diluted (<i>HK cents</i>)	6	<u><u>(0.64)</u></u>	<u><u>(0.49)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 September 2023

	Attributable to owners of the Company							Non- controlling interests	Total
	Share capital	Share premium	Capital contribution	Share options reserve	Translation reserve	Retained profits	Subtotal		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 July 2023 (audited)	<u>7,959</u>	<u>40,578</u>	<u>11,572</u>	<u>2,136</u>	<u>1</u>	<u>41,428</u>	<u>103,674</u>	<u>-</u>	<u>103,674</u>
Repurchase of shares	-	-	-	-	-	-	-	-	-
Loss and total comprehensive expense for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,101)</u>	<u>(5,101)</u>	<u>(3)</u>	<u>(5,104)</u>
At 30 September 2023 (unaudited)	<u><u>7,959</u></u>	<u><u>40,578</u></u>	<u><u>11,572</u></u>	<u><u>2,136</u></u>	<u><u>1</u></u>	<u><u>36,327</u></u>	<u><u>98,573</u></u>	<u><u>(3)</u></u>	<u><u>98,570</u></u>
At 1 July 2022 (audited)	<u>8,000</u>	<u>40,537</u>	<u>11,572</u>	<u>5,916</u>	<u>-</u>	<u>51,621</u>	<u>117,646</u>	<u>2</u>	<u>117,648</u>
Repurchase of shares	(41)	40	-	-	-	-	(1)	-	(1)
Loss and total comprehensive expense for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,880)</u>	<u>(3,880)</u>	<u>(2)</u>	<u>(3,882)</u>
At 30 September 2022 (unaudited)	<u><u>7,959</u></u>	<u><u>40,577</u></u>	<u><u>11,572</u></u>	<u><u>5,916</u></u>	<u><u>-</u></u>	<u><u>47,741</u></u>	<u><u>113,765</u></u>	<u><u>-</u></u>	<u><u>113,765</u></u>

Note: Capital contribution represents (a) the difference of the combined share capital of the operating subsidiaries and the share capital of the Company for shares issued pursuant to a group reorganisation in preparation for listing of the Company's shares; (b) capital contributions from the controlling shareholder of the Company; and (c) a deemed distribution for the financial guarantee provided by a subsidiary of the Group to a related company wholly owned by the controlling shareholder of the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 September 2023

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 September 2015 and its shares were listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 30 March 2016. The headquarter and principal place of business of the Company in Hong Kong 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 Group’s principal activities are the provision of property construction services in Hong Kong.

The unaudited condensed consolidated financial statements of the Group for the Relevant Period are presented in Hong Kong dollars (“**HK\$**”), which is the same functional currency of the Company.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the Relevant Period have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules and the Hong Kong Companies Ordinance.

During the Relevant Period, the Group has adopted new or revised HKFRSs issued by the HKICPA which are relevant to Group’s operations and effective for the Group’s financial statements for accounting period beginning on or after 1 July 2023. The adoption has no significant changes on the Group’s reported results and the financial position of the Group for the current or prior accounting periods. The Group has not applied any new or revised HKFRSs that is not yet effective for the Relevant Period. For those which are not yet effective and have not been early adopted, the Group is in the process of assessing their impact on the Group’s results and financial position.

These unaudited condensed consolidated financial statements have been reviewed by the audit committee of the Company.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the three months ended 30 September 2023 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2023.

3. REVENUE

Revenue represents the fair value of amounts received and receivable for services rendered by the Group to external customers, less discount. Information reported to the Company’s executive Directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

Specifically, the Group has only one operating segment during the Relevant Period and the corresponding period in 2022.

Three months ended 30 September	
2023	2022
<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)

General building works – provision of construction works for residential buildings, commercial buildings, industrial buildings and general superstructure erection, and include erection of architectural superstructures, renovation, fitting out, alteration and addition works and other related works

<u>14,354</u>	<u>30,406</u>
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4. INCOME TAX EXPENSE

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%.

Income tax has not been provided as the Group did not derive any assessable profits during the Relevant Period (Three months ended 30 September 2022: Nil).

5. DIVIDEND

The Board did not recommend the payment of dividend for the Relevant Period (Three months ended 30 September 2022: Nil).

6. LOSS PER SHARE

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

Three months ended 30 September	
2023	2022
<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)

Loss:

(Loss) for the purpose of calculating basic loss per share (loss and total comprehensive expense for the period attributable to owners of the Company)

<u>(5,101)</u>	<u>(3,880)</u>
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Number of Shares:

Weighted average number of ordinary shares for the purpose of calculating basic loss per share

<u>795,940,000</u>	<u>795,940,000</u>
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No diluted loss per share was presented as there were no potential ordinary shares in issue during the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue decreased from approximately HK\$30.4 million for the three months ended 30 September 2022 to approximately HK\$14.4 million for the Relevant Period, representing a decrease of approximately 52.6%. Such decrease was due to a drop of construction orders being run during the Relevant Period.

Cost of Sales

The Group's cost of sales decreased from approximately HK\$29.7 million for the three months ended 30 September 2022 to approximately HK\$13.7 million for the Relevant Period, representing a decrease of approximately 53.9%. Such decrease was in line with the decrease in revenue during the Relevant Period.

Gross Profit

Gross profit of the Group amounts to approximately HK\$0.7 million (Three months ended 30 September 2022: HK\$0.7 million). The decrease in gross profit was due to lower gross profit margins on certain projects in last year.

Other Income

The Group's other income amounted to approximately HK\$190,000 for the Relevant Period (Three months ended 30 September 2022: HK\$287,000), representing a decrease of approximately 33.8%. Such decrease was mainly due to the one time-limited financial support from the Employment Support Scheme under the Anti-epidemic Fund launched by The Government of the Hong Kong Special Administrative Region in the three months ended 30 September 2022.

Administrative Expenses

Administrative expenses of the Group increased by approximately 22.4% from approximately HK\$4.9 million for the three months ended 30 September 2022 to approximately HK\$6.0 million for the Relevant Period. The increase was mainly due to the increase in legal and professional fees.

Income Tax Expense

No income tax expense incurred by the Group during the Relevant Period (Three months ended 30 September 2022: HK\$nil).

Loss and Total Comprehensive Expense for the Period Attributable to the Owners of the Company

Loss and total comprehensive expense for the period attributable to the owners of the Company increased by approximately 30.8% from a loss of approximately HK\$3.9 million for the three months ended 30 September 2022 to a loss of approximately HK\$5.1 million for the Relevant Period. Such increase was mainly attributable to the increase in administrative expenses as discussed in above.

BUSINESS REVIEW AND OUTLOOK

During the Relevant Period, the Group has submitted 2 tenders for construction projects in the market. We run 3 main projects and followed up 7 construction projects which have been substantially completed in previous years.

With the reopening of societies worldwide after the challenging period of the COVID-19 pandemic, while there is cause for optimism, it is important to acknowledge that the global economy has not fully recovered as expected.

Moreover, the recent increase in interest rates by the US Federal Reserve has placed a heavy burden on the property market. As a main contractor in the Hong Kong property market, our Group has been significantly affected by these unfavorable factors. The construction market has become highly competitive, leading to thin profit margins.

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 relaxation of stringent stamp duty policy and the 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.

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.

DISCLOSURE OF INTERESTS

A. Directors' and Chief Executives' Interests and Short Positions in the Shares, the Underlying Shares or Debentures

As at 30 September 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive was taken or deemed to have under such provision of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the Shares

Name of Director	Nature of interest	Number of the Shares held/ interested in	Number of share options	Percentage of shareholding (approximately)
Mr. Kwok Tung Keung (“Mr. Kwok”)	Interest in controlled corporation (<i>Note 1</i>)	250,000,000	–	31.41%
	Beneficial owner	–	7,900,000	0.99%
Mr. Ko Chun Hay Kelvin	Beneficial Owner	149,500,000	–	18.78%
	Beneficial Owner	–	7,900,000	0.99%

Notes:

1. Mr. Kwok beneficially owns 100% of the issued share capital of Best Brain Investments Limited (“**Best Brain**”). By virtue of the SFO, Mr. Kwok is deemed to be interested in the same number of the shares held by Best Brain.

(ii) Long position in the ordinary shares of associated corporations

Name of Director	Name of associated corporation	Nature of interest	Number of shares held/interested in	Percentage of shareholding
Mr. Kwok	Best Brain	Beneficial owner	7,500	100%

Save as disclosed above, as at 30 September 2023, none of the Directors nor chief executive of the Company has registered an interest or short position 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) (i) which were required to be 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 were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

B. Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares or Underlying Shares

So far as the Directors are aware, as at 30 September 2023, the following persons (other than the Directors or chief executive of the Company) or companies were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules:

Name of shareholder	Nature of interest	Number of the Shares held/interested in	Long/short position	Percentage of total issued share capital of the Company
Best Brain	Beneficial owner	250,000,000	Long	31.41%
Liu Long	Beneficial owner	60,000,000	Long	7.54%
Ye Shanmin	Beneficial owner	60,000,000	Long	7.54%

Save as disclosed above, as at 30 September 2023, the Directors were not aware of any other persons or companies who had any interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

COMPETING INTERESTS

During the Relevant Period, so far as the Directors are aware, none of the Directors, the controlling shareholders of the Company, and their respective close associates (as defined in the GEM Listing Rules) had any business or interest that competes or may compete with the business of the Group, or any other conflict of interests which any such person has or may have with the Group.

PURCHASE, SALES OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the Relevant Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 Relevant Period, the Company has complied with the CG Code.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of provisions of conduct regarding securities transactions by the Directors (the "Code of Conduct") on terms no less exacting than the required standards of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries with the Directors, all Directors have confirmed that they have complied with the required standards set out in the Code of Conduct during the Relevant Period.

DIVIDEND

The Board did not recommend the payment of dividend for the Relevant Period (Three months ended 30 September 2022: Nil).

SHARE OPTION SCHEME

The shareholders of the Company approved and adopted the Share Option Scheme by way of written resolutions on 9 March 2016. 16,800,000 share options were outstanding as at 30 September 2023.

Details of the movements of share options granted, exercised or cancelled/lapsed during the period and outstanding as at 30 September 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 2023	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding at 30 September 2023
Mr. Kwok Tung Keung	3 December 2018	0.307	0.300	3 December 2018 to 2 December 2023	7,900,000	-	-	-	7,900,000
Mr. Ko Chun Hay Kelvin	3 December 2018	0.307	0.300	3 December 2018 to 2 December 2023	7,900,000	-	-	-	7,900,000
Other employee	3 December 2018	0.307	0.300	3 December 2018 to 2 December 2023	1,000,000	-	-	-	1,000,000
Total					<u>16,800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,800,000</u>

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) on 9 March 2016 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 system 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 consists of two members, namely Mr. Donald William Sneddon 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 Audit Committee has reviewed this announcement and the unaudited condensed consolidated financial statements of the Group for the Relevant Period and the effectiveness of internal control system.

NON-COMPLIANCE WITH THE GEM LISTING RULES IN RELATION TO BOARD COMPOSITION

Reference is made to the Company’s announcement dated 29 November 2023 in relation to, among other things, the change of executive director and change in composition of board committee of the Company.

Following the Change in Board Composition, the Company has: (i) two independent non-executive Directors, which results in the current number of independent non-executive Directors falling below the minimum number required under Rule 5.05(1) of the GEM Listing Rules; and (ii) two members of Audit Committee, which results in the number of Audit Committee members falling below the minimum number required under Rule 5.28 of the GEM Listing Rules.

The Company will use its best endeavors to identify suitable candidate(s) to fill up the vacancy of independent non-executive Director and the vacancy of the member of the Audit Committee in any event within three months from the date of re-designation of Mr. Ng Man Li as required under Rules 5.06 and 5.33 of the GEM Listing Rules. The Company will make further announcement as and when appropriate.

RESUMPTION OF TRADING

Reference is made to the announcement of the Company dated 15 November 2023 in relation to (i) the delay in publication of the first quarterly results for the three months ended 30 September 2023; (ii) delay in despatch of first quarterly report for the three months ended 30 September 2023; and (iii) suspension of trading. Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 15 November 2023 at the request of the Company.

Following the publication of this announcement, the Company will make an application to the Stock Exchange for the resumption of trading in the shares of the Company as soon as practicable.

By Order of the Board
Super Strong Holdings Limited
Kwok Tung Keung
Chairman

Hong Kong, 6 December 2023

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

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