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Super Strong Holdings Limited **宏強控股有限公司**

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 8262)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF 45% ISSUED SHARE CAPITAL OF THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 5 June 2024 (after trading hours), the Company and the Vendor entered into the Agreement, pursuant to which, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares at the Consideration of up to HK\$4,500,000 (including the Initial Consideration of HK\$3,500,000, if any, the Earn-out Consideration A of HK\$500,000 and, if any, the Earn-out Consideration B of HK\$500,000).

Completion of the Acquisition has taken place simultaneously upon signing of the Agreement. Upon Completion, the Target Company will become an associate company of the Company and the results and net assets of the Target Group will be accounted for using the equity method in the consolidated financial statements of the Company after Completion.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are more than 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 5 June 2024 (after trading hours), the Company and the Vendor entered into the Agreement, pursuant to which, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares at the Consideration of up to HK\$4,500,000 (including the Initial Consideration of HK\$3,500,000, if any, the Earn-out Consideration A of HK\$500,000 and, if any, the Earn-out Consideration B of HK\$500,000).

THE AGREEMENT

The principal terms of the Agreement are set out below:

Date

5 June 2024 (after trading hours)

Parties

- (i) the Vendor (as vendor); and
- (ii) the Company (as purchaser).

The Vendor is an individual and a merchant. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Vendor is an Independent Third Party.

Assets to be acquired

The Sale Shares represent 45% of the issued share capital of the Target Company.

Consideration

Pursuant to the Agreement, the Consideration comprises the Initial Consideration of HK\$3,500,000, the Earn-out Consideration A of HK\$500,000 and the Earn-out Consideration B of HK\$500,000. The Consideration shall be determined and settled in the following manner:

Initial Consideration

The Initial Consideration of HK\$3,500,000 shall be settled by the Company to the Vendor upon Completion. The payment of the HK\$3,500,000 cash consideration has been settled as at the date of this announcement and was financed by the internal resources of the Group.

Earn-out Consideration A

Pursuant to the Agreement, in the event the Actual Profit for FY2025 reaches or exceeds the Profit Target 2025 (i.e. HK\$2,000,000), the Company shall, within two (2) months (or such other period as agreed between the Vendor) from the issue date of the Audit Report for FY2025, pay the Earn-out Consideration A to the Vendor.

The Profit Target 2025 was arrived at after arm's length negotiation between the Company and the Vendor with reference to the business prospects and business development of Soar Construction. The payment of the HK\$500,000 cash consideration will be financed by the internal resources of the Group.

Earn-out Consideration B

Pursuant to the Agreement, in the event the Actual Profit for FY2026 reaches or exceeds the Profit Target 2026 (i.e. HK\$2,000,000), the Company shall, within two (2) months (or such other period as agreed between the Vendor) from the issue date of the Audit Report for FY2026, pay the Earn-out Consideration B to the Vendor.

The Profit Target 2026 was arrived at after arm's length negotiation between the Company and the Vendor with reference to the business prospects and business development of Soar Construction. The payment of the HK\$500,000 cash consideration will be financed by the internal resources of the Group.

The Consideration was arrived at based on normal commercial terms after arm's length negotiations among the Company and the Vendor and was determined with reference to among others, (i) the valuation of 45% equity interest of Soar Construction, being the operating entity of the Target Group of HK\$4,700,000 as at 31 March 2024 (the "**Valuation**") prepared by an independent valuer based on market approach; (ii) the Guaranteed Profit (as defined below) given by the Vendor; (iii) the business development and future prospects of the Target Group; and (iv) the reasons for and benefits of the Acquisition as stated under the section headed "REASONS FOR AND BENEFITS OF THE ACQUISITION" below.

The maximum Consideration represents a discount of approximately 4.26% to the Valuation.

In view of the above, the Directors consider that the Consideration is fair and reasonable, is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

COMPLETION

Completion of the Acquisition has taken place simultaneously upon signing of the Agreement.

Upon Completion, the Target Company will become an associate company of the Company and the results and net assets of the Target Group will be accounted for using the equity method in the consolidated financial statements of the Company after Completion.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in the BVI with limited liability whose principal business activity is investment holding. Soar Construction, being the operating subsidiary wholly owned by the Target Company, is principally engaged in provision of engineering services in Hong Kong.

Since establishment in 2011, Soar Construction have focused on and specialised in the residential and commercial segments in Hong Kong. It provides services mainly to corporate customers on a project-basis.

FINANCIAL INFORMATION OF THE TARGET GROUP

No audited financial statements have been prepared by the Target Company as there is no statutory audit requirement under the relevant rules and regulations in the BVI.

Set out below are the financial information of Soar Construction, being the operating entity of the Target Group (i) for the year ended 31 March 2023 and (ii) for the year ended 31 March 2024:

	For the year ended 31 March 2024	For the year ended 31 March 2023
	(unaudited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	11,131	8,112
Net profit before taxation	1,509	1,578
Net profit after taxation	1,260	1,455

According to the unaudited financial information of Soar Construction, it registered net assets of approximately HK\$2.78 million as at 31 March 2024.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in the provision of property construction services in Hong Kong.

Having considered the stable financial performance of Soar Construction in the past two years, the Board is of the view that the Acquisition represents a valuable investment opportunity to strengthen the Group's existing business portfolio as well as to broaden the Group's source of income.

Based on the foregoing, the Directors consider that the terms of the Acquisition are fair and reasonable, on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceeds 5% but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements, but is exempt from shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context specifies otherwise, the following defined expressions have the following meanings:

“Acquisition”	the proposed acquisition of the Sale Shares pursuant to the terms and conditions of the Agreement
“Actual Profit(s)”	the audited net profit(s) after tax of Soar Construction as shown on the audit reports on the financial statements of Soar Construction prepared by an independent auditor in accordance with HKFRS
“Agreement”	the sale and purchase agreement dated 5 June 2024 entered into among the Company and the Vendor in relation to the Acquisition
“Board”	the board of Directors

“Business Day(s)”	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	the British Virgin Islands
“Company”	Super Strong Holdings Limited (宏強控股有限公司), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on GEM (Stock Code: 8262)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreement
“Connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	together, the Initial Consideration, the Earn-out Consideration A (if any) and the Earn-out Consideration B (if any)
“Director(s)”	the director(s) of the Company
“Earn-out Consideration A”	the earn-out consideration of up to HK\$500,000 to be settled in cash by the Company to the Vendor upon fulfilment of Profit Target 2025
“Earn-out Consideration B”	the earn-out consideration of up to HK\$500,000 to be settled in cash by the Company to the Vendor upon fulfilment of Profit Target 2026
“FY2025”	the year ending 30 June 2025
“FY2026”	the year ending 30 June 2026
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons
“Initial Consideration”	an initial consideration of HK\$3,500,000 to be paid by the Company to the Vendor upon Completion
“Parties”	the parties of the Agreement and “Party” means any of them
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Profit Target 2025”	audited net profit after tax of Soar Construction for FY2025 in the amount of HK2,000,000
“Profit Target 2026”	audited net profit after tax of Soar Construction for FY2026 in the amount of HK2,000,000
“Sale Shares”	45 ordinary shares of the Target Company, representing 45% of the issued share capital of the Target Company
“Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Soar Construction”	Soar Construction Engineering Co. Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company, being the operating entity of the Target Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Expert Lead Holdings Limited, a company incorporated in the BVI with limited liability, which was wholly owned by the Vendor immediately prior to Completion

“Target Group”	the Target Company and Soar Construction
“Vendor”	Leung Ka Ho, a merchant who was the beneficial owner of the Sale Shares immediately prior to the Completion
“%”	per cent.

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

Hong Kong, 5 June 2024

As at the date of this announcement, the executive Directors are Mr. Kwok Tung Keung (Chairman), Mr. Qiu Haiquan, Mr. Tam Brown Lun, Ms. Wong Hui Yu and Ms. Kwok Pui Sze; and the independent non-executive Directors are Mr. Cheng Wai Man Clement, Ms. Fung Yuk Yiu and Mr. Leung Tze Wai.

This announcement, for which the Directors 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 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.

This announcement will remain in the “Latest Company Announcements” page of the Stock Exchange website at www.hkexnews.hk for at least seven days from the date of its posting and on the website of the Company at www.wmcl.com.hk.