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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 2022

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 2022, which have been audited and agreed by the auditor of the Company, together with the audited comparative figures for the year ended 30 June 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	3	132,945	138,692
Direct costs		<u>(125,211)</u>	<u>(137,715)</u>
Gross profit		7,734	977
Interest revenue		1,213	986
Other incomes, gains and (losses)		741	(7,716)
Administrative expenses		<u>(20,714)</u>	<u>(16,638)</u>
Loss from operation		(11,026)	(22,391)
Finance costs		(196)	(172)
Loss on disposal of subsidiaries		–	(1,119)
Share of loss of an associate		<u>(2)</u>	<u>–</u>
Loss before tax		(11,224)	(23,682)
Income tax (expense)/credit	4	<u>(734)</u>	<u>735</u>
Loss and total comprehensive expense for the year	5	<u>(11,958)</u>	<u>(22,947)</u>
Loss and total comprehensive expense for the year attributable to:			
Owners of the Company		(11,956)	(22,474)
Non-controlling interests		<u>(2)</u>	<u>(473)</u>
		<u>(11,958)</u>	<u>(22,947)</u>
Loss per share	7		
Basic (HK cents)		<u>(1.50)</u>	<u>(2.81)</u>
Diluted (HK cents)		<u>(1.50)</u>	<u>(2.81)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Plant and equipment		996	940
Right-of-use assets		2,374	1,368
Equity investment at fair value through other comprehensive income		37	–
Deferred tax assets		14	50
Deposits and prepayments		<u>40,219</u>	<u>49,414</u>
		<u>43,640</u>	<u>51,772</u>
Current assets			
Trade receivables	8	25,996	10,405
Other receivables, deposits and prepayments		20,945	20,317
Contract assets		27,620	28,701
Tax recoverable		2,094	2,792
Pledged bank balances		10,764	10,758
Bank balances and cash		<u>39,169</u>	<u>54,780</u>
		<u>126,588</u>	<u>127,753</u>
Current liabilities			
Trade payables	9	11,269	6,595
Other payables, retention payables and accrued charges		29,354	31,584
Contract liabilities		4,577	5,353
Bank borrowings		5,000	5,000
Lease liabilities		<u>1,408</u>	<u>1,293</u>
		<u>51,608</u>	<u>49,825</u>
Net current assets		<u>74,980</u>	<u>77,928</u>
Total assets less current liabilities		<u>118,620</u>	<u>129,700</u>

	<i>Note</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		<u>972</u>	<u>91</u>
Net assets		<u>117,648</u>	<u>129,609</u>
Capital and reserves			
Share capital	<i>10</i>	8,000	8,000
Reserves		<u>109,646</u>	<u>121,609</u>
Equity attributable to owners of the Company		117,646	129,609
Non-controlling interests		<u>2</u>	<u>–</u>
Total equity		<u>117,648</u>	<u>129,609</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Capital contribution	Share options reserve	Retained profits	Subtotal		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2020	8,000	40,903	11,572	4,985	86,051	151,511	8,075	159,586
Loss and total comprehensive expense for the year	-	-	-	-	(22,474)	(22,474)	(473)	(22,947)
Recognition of equity-settled share-based payments	-	-	-	572	-	572	-	572
Disposal of subsidiaries	-	-	-	-	-	-	(7,602)	(7,602)
At 30 June 2021	<u>8,000</u>	<u>40,903</u>	<u>11,572</u>	<u>5,557</u>	<u>63,577</u>	<u>129,609</u>	<u>-</u>	<u>129,609</u>
At 1 July 2021	8,000	40,903	11,572	5,557	63,577	129,609	-	129,609
Loss and 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>51,621</u>	<u>117,646</u>	<u>2</u>	<u>117,648</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 2021. 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:

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Construction services	<u>132,945</u>	<u>138,692</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 2022 and 2021.

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	49,853	17,855
Customer B	24,974	234*
Customer C	20,860	—*
Customer D	<u>4,653*</u>	<u>22,768</u>

* 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. INCOME TAX EXPENSE/(CREDIT)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong Profits Tax:		
Current year	–	33
Under/(over)-provision in prior years	<u>698</u>	<u>(821)</u>
	698	(788)
Deferred taxation – current year	<u>36</u>	<u>53</u>
	<u>734</u>	<u>(735)</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 year ended 30 June 2022 as the Group did not generate any assessable profits arising in Hong Kong during that year. Hong Kong Profits Tax has been provided at the rate of 8.25% on assessable profits up to HK\$2 million and 16.5% of on any part of assessable profit over HK\$2 million for the year ended 30 June 2021.

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 2021 to 31 December 2021, 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 50% of its taxable income at a tax rate of 20%. From 1 January 2022 to 31 December 2024, 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%.

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 year ended 30 June 2022. No provision for Enterprise Income Tax for the year ended 30 June 2022 has been made as the subsidiaries did not generate any assessable profits during that year.

The income tax expense/(credit) 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss before taxation	<u>(11,224)</u>	<u>(23,682)</u>
Tax at the domestic tax rate	(1,852)	(3,907)
Tax effect of expenses not deductible for tax purpose	1,072	2,182
Tax effect of income not taxable for tax purpose	(726)	(523)
Tax effect of estimated tax losses not recognised	1,542	2,665
Tax effect of utilisation of tax losses not previously recognised	–	(321)
Under/(over)-provision in prior years	698	(821)
Others	<u>–</u>	<u>(10)</u>
Income tax expense/(credit)	<u>734</u>	<u>(735)</u>

5. LOSS FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The Group's loss for the year is stated after charging/(crediting) the following:		
Auditor's remuneration	750	755
Directors' remuneration	4,061	3,514
Other staff costs:		
Salaries and other benefits	18,686	17,388
Equity-settled share option expense	16	36
Retirement benefit schemes contributions	624	610
Total staff costs*	<u>23,387</u>	<u>21,548</u>
Depreciation of plant and equipment	481	521
Depreciation of right-of-use assets	1,912	1,876
Gain on disposal of plant and equipment	–	(9)
Gain on lease termination	(3)	(1)
Loss on disposal of subsidiaries	<u>–</u>	<u>1,119</u>

* The staff costs were expensed in direct costs and administrative expenses amounting to HK\$14,603,000 (2021: HK\$14,568,000) and HK\$8,784,000 (2021: HK\$6,980,000) respectively.

6. DIVIDENDS

No dividend was proposed for the years ended 30 June 2022 and 30 June 2021.

7. LOSS PER SHARE

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

Loss

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the purpose of calculating basic and diluted loss per share	<u>(11,956)</u>	<u>(22,474)</u>

Number of shares

	2022 '000	2021 '000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>799,521</u>	<u>800,000</u>

8. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	29,420	14,194
Less: allowance for bad and doubtful debts	<u>(3,424)</u>	<u>(3,789)</u>
	<u>25,996</u>	<u>10,405</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	17,571	7,657
31 – 60 days	5,391	886
61 – 180 days	<u>3,034</u>	<u>1,862</u>
	<u>25,996</u>	<u>10,405</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 68% (2021: 74%) of trade receivables as at 30 June 2022, 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\$8,425,000 (2021: HK\$2,748,000) 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance at beginning of year	3,789	456
(Reversal)/provision of impairment losses recognised, net	(365)	3,333
Balance at end of year	<u>3,424</u>	<u>3,789</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 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
At 30 June 2021						
Weighted average expected loss rate	0%	20%	50%	100%	100%	
Receivable amount (HK\$'000)	7,657	1,107	3,725	1,315	390	14,194
Loss allowance (HK\$'000)	–	221	1,863	1,315	390	3,789

9. 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	9,312	3,328
31 – 60 days	–	–
61- 180 days	1,502	2,995
Over 180 days	455	272
Total	<u>11,269</u>	<u>6,595</u>

10. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 July 2020, 30 June 2021, 1 July 2021 and 30 June 2022	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
At 1 July 2020, 30 June 2021, 1 July 2021 and 30 June 2022	<u>800,000,000</u>	<u>8,000</u>

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

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 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.

BUSINESS REVIEW AND OUTLOOK

During the year, the Group has continuously pursued businesses, including submitting 37 tenders amounting to approximately HK\$1,434.9 million for construction projects in the market. Under the current poor economic environment, the Group adopts policy of prudence and adheres to its standards of only submitting tenders with reasonable profit margins so as to avoid any operational risk in running projects, in turn to reduce risk exposure to the Group. Faced with keen competition, our success rate in the submitted tenders remains low, affecting the financial performance of the Group. During the year, we have had 3 active main projects and have followed up 10 construction projects which have been substantially completed in previous years. On the other side, our Group continues to maintain a healthy financial position by keeping a particularly low gearing level.

The Directors consider that the future business opportunities which the group faced will be affected by the competition in the construction market together with the performance of the property market in Hong Kong. Due to the outbreak of COVID-19 pandemic, long term lockdown of communication with China, the recent increasing interest rate trend, together with the strict policy of onerous stamp duty in property acquisition imposed by Hong Kong Government, the Hong Kong property market has been hit and the property price appears in a downward trend. Under such circumstances, the Directors avoided to compete in the thin margin tenders. With the new proposals by the Hong Kong Chief Executive to proactively develop the northern region of Hong Kong, we hope that construction projects supply in the market will be increased and we will catch this opportunities to actively participate the expected new projects in this area.

The group has also tried to diversify its businesses and are looking for an complementary opportunities in the construction field, and are looking to improve profitability of the group for the benefits of the shareholders as a whole. We target for an expansion of our construction business into the massive China market. To facilitate this direction, our wholly-owned subsidiary company in China has formed a joint venture company with two experienced construction companies in Sichuan, China, targeting to compete government construction projects in China. The Directors consider that accompanied with the experienced construction companies in China, the Group will reduce the business risk and will become familiarized with the operation in China quickly. On June 2022, we have committed to 2 construction projects for the coming years by the provision of construction labour and the supplying of construction materials to a project in Guangxi Province, China.

The Directors will continue to balance the risk and return in assessing all those projects before participating in the projects. With its extensive operation experience in the property construction market and its healthy financial position, the Directors are full of confidence to lead the Group into its new realm. We will continue to explore new business and investment opportunities that may generate return to the shareholders of our Group through acquisitions or strategic cooperation with partners in different field of businesses, so as to strengthen our Group's profitability in long run.

FINANCIAL REVIEW

Revenue

Our revenue decreased from approximately HK\$138.7 million for the year ended 30 June 2021 to approximately HK\$132.9 million for the year ended 30 June 2022, representing a decrease of approximately 4.2%. Such decrease was mainly due to a drop of construction orders being taken up during the year.

Direct Cost

Our direct costs decreased from approximately HK\$137.7 million for the year ended 30 June 2021 to approximately HK\$125.2 million for the year ended 30 June 2022, representing a decrease of approximately 9.1%. Such decrease were due to the drop of revenue and the additional cost incurred in a project for the year ended 30 June 2021.

Gross Profit

Gross profit of the Group increased by approximately 7.7 times from approximately HK\$1.0 million for the year ended 30 June 2021 to approximately HK\$7.7 million for the year ended 30 June 2022. The gross profit margin increased from approximately 0.7% for the year ended 30 June 2021 to approximately 5.8% for the year ended 30 June 2022. The increase was mainly due to the drop of direct cost being affected by the previous year's additional cost incurred in a project.

Administrative Expenses

Administrative expenses of the Group increased by approximately 24.7% from approximately HK\$16.6 million for the year ended 30 June 2021 to approximately HK\$20.7 million for the year ended 30 June 2022. The increase was due to the increase of staff bonus and directors' remuneration, and repairs and maintenance costs.

Income Tax Expense/(Credit)

The Group recorded a tax expense of approximately HK\$0.7 million for the year ended 30 June 2022 due to the under-provision of tax in prior years. There is a tax credit of approximately HK\$0.7 million for the year ended 30 June 2021.

Loss and Total Comprehensive Expense for the Year Ended 30 June 2022 Attributable to Owners of the Company

Loss and total comprehensive expense for the year attributable to owners of the Company was approximately HK\$12.0 million (30 June 2021: loss and total comprehensive expense attributable to owners of the Company of approximately HK\$22.5 million). The decrease of loss was primarily attributable to the net effect of (i) the increase in gross profit; (ii) the increase in administrative expenses; and (iii) the decrease in bad and doubtful debts for the year ended 30 June 2022.

LIQUIDITY AND FINANCIAL RESOURCES

There is a drop of cash and bank balances in compare with prior year. It is mainly due to the loss for the year. The Group continued to maintain a high liquidity position during the year ended 30 June 2022. As at 30 June 2022, the Group had bank balances and cash of approximately HK\$39.2 million (30 June 2021: approximately HK\$54.8 million) and pledged bank balances of approximately HK\$10.8 million (30 June 2021: approximately HK\$10.8 million). The total interest-bearing borrowings of the Group as at 30 June 2022 was approximately HK\$5.0 million (30 June 2021: approximately HK\$5.0 million), and the current ratio as at 30 June 2022 was approximately 2.5 times (30 June 2021: approximately 2.6 times).

As at 30 June 2022, the Group had total assets of approximately HK\$170.2 million (30 June 2021: approximately HK\$179.5 million), which was financed by total liabilities and shareholders' equity of approximately HK\$52.6 million (30 June 2021: approximately HK\$49.9 million) and approximately HK\$117.6 million (30 June 2021: approximately HK\$129.6 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 2022, the Group recorded gearing ratio of approximately 4.2% (30 June 2021: approximately 3.9%), which remained low as the Group had adequate cash and bank balances.

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 2022. 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 2022, the Group pledged its bank deposits to a bank of approximately HK\$10.8 million (30 June 2021: approximately HK\$10.8 million) as collateral to secure bank facilities granted to the Group.

As at 30 June 2022, the Group pledged its deposits paid for a life insurance policy with an aggregate net book value of approximately HK\$9.1 million (30 June 2021: approximately HK\$9.4 million) as collateral to secure bank facilities 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 2022, 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 2022, the Company's issued share capital was HK\$8,000,000 and the number of its issued ordinary shares was 800,000,000 of HK\$0.01 each. There was no change in capital structure during the year ended 30 June 2022.

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.

COMMITMENTS

As at 30 June 2022, the Group did not have any capital commitment (30 June 2021: 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 plans for material investments or capital assets as of 30 June 2022.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 30 June 2022, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures saved for those related to the reorganisation.

CONTINGENT LIABILITIES

As at 30 June 2022, there is no performance guarantees given by banks (30 June 2021: HK\$10,758,000) and there is no pledge of Group's trade receivables (30 June 2021: HK\$3,429,000).

Performance guarantees of approximately HK\$46,787,000 (30 June 2021: HK\$61,412,000) 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group employed a total of 47 employees (30 June 2021: 48 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$23.4 million for the year ended 30 June 2022 (30 June 2021: approximately HK\$21.5 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 2022.

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 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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.

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 2022, 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 2022.

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 2022, a total of 49,200,000 share options to subscribe for 49,200,000 ordinary shares of HK\$0.01 each of the Company, representing approximately 6.2% 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 2022 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 2021	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Outstanding at 30 June 2022
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>-</u>	<u>49,200,000</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 unaudited consolidated quarterly, interim results and audited consolidated annual results for the year ended 30 June 2022 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 Monday, 16 January 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 2022 (30 June 2021: HK\$nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 11 January 2023 to Monday, 16 January 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 Tuesday, 10 January 2023.

EVENT AFTER THE REPORTING PERIOD

On 5 September 2022 (after trading hours), the Lender, King Victory Investment Limited, a direct wholly-owned subsidiary of the Company, has entered into the Sixth Supplemental Agreement with the Borrowers, Mr. Chan Hon Wing and Ms. Yuen Sau Lin Florence, pursuant to which the Lender has agreed to extend the repayment date of the Previous Loan for another 3 months from the 1 September 2022 to 30 November 2022.

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, 28 September 2022

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.