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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 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 medium-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 medium-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.*

INTERIM RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 31 December 2023 (the “**Relevant Period**”), together with the unaudited condensed comparative figures for the six months ended 31 December 2022 as follows:

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

For the six months ended 31 December 2023

	Notes	Three months ended		Six months ended	
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	16,450	37,504	30,804	67,910
Direct costs		(15,301)	(36,308)	(28,965)	(65,993)
Gross profit		1,149	1,196	1,839	1,917
Other income and gains	4	491	320	681	607
Administrative expenses		(3,997)	(6,146)	(9,981)	(11,015)
Loss from operations		(2,357)	(4,630)	(7,461)	(8,491)
Gain on disposal of subsidiaries		279	–	279	–
Provision for losses on litigation	17	(9,300)	–	(9,300)	–
Finance costs	5	(64)	–	(64)	(21)
Loss before taxation	6	(11,442)	(4,630)	(16,546)	(8,512)
Income tax expense	7	–	–	–	–
Loss and total comprehensive expense for the period		(11,442)	(4,630)	(16,546)	(8,512)
Loss and total comprehensive expense for the period attributable to:					
Owners of the Company		(11,442)	(4,630)	(16,543)	(8,510)
Non-controlling interests		–	–	(3)	(2)
		(11,442)	(4,630)	(16,546)	(8,512)
Loss per share					
Basic and diluted (HK cents)	9	(1.44)	(0.58)	(2.08)	(1.07)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		31 December 2023 <i>HK\$'000</i> (Unaudited)	30 June 2023 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Plant and equipment	<i>10</i>	883	800
Right-of-use assets		1,011	1,869
Deferred tax assets		19	19
Deposits and prepayments		<u>34,253</u>	<u>34,206</u>
		<u>36,166</u>	<u>36,894</u>
Current assets			
Trade receivables	<i>11</i>	1,851	7,386
Other receivables, deposits and prepayments		18,733	25,411
Contract assets		17,202	18,582
Pledged bank balances		11,224	11,093
Bank balances and cash		<u>44,264</u>	<u>45,535</u>
		<u>93,274</u>	<u>108,007</u>
Current liabilities			
Trade payables	<i>12</i>	2,551	5,936
Other payables, retention payables and accrued charges		22,590	26,121
Contract liabilities		15,834	6,966
Tax payable		307	307
Lease liabilities		<u>965</u>	<u>1,541</u>
		<u>42,247</u>	<u>40,871</u>
Net current assets		<u>51,027</u>	<u>67,136</u>
Total assets less current liabilities		<u>87,193</u>	<u>104,030</u>
Non-current liabilities			
Lease liabilities		<u>63</u>	<u>356</u>
Net assets		<u>87,130</u>	<u>103,674</u>
Capital and reserves			
Share capital	<i>13</i>	7,959	7,959
Reserves		<u>79,171</u>	<u>95,715</u>
Total equity		<u>87,130</u>	<u>103,674</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 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		
	HK\$'000	HK\$'000	HK\$'000 (note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2023 (audited)	7,959	40,578	11,572	2,136	1	41,428	103,674	-	103,674
Lapse of share options	-	-	-	(2,136)	-	2,136	-	-	-
Disposal of subsidiaries	-	-	-	-	(1)	-	(1)	3	2
Loss and total comprehensive expense for the period	-	-	-	-	-	(16,543)	(16,543)	(3)	(16,546)
At 31 December 2023 (unaudited)	<u>7,959</u>	<u>40,578</u>	<u>11,572</u>	<u>-</u>	<u>-</u>	<u>27,021</u>	<u>87,130</u>	<u>-</u>	<u>87,130</u>
At 1 July 2022 (audited)	8,000	40,537	11,572	5,916	-	51,621	117,646	2	117,648
Repurchase of shares	(41)	40	-	-	-	-	(1)	-	(1)
Loss and total comprehensive expense for the period	-	-	-	-	-	(8,510)	(8,510)	(2)	(8,512)
At 31 December 2022 (unaudited)	<u>7,959</u>	<u>40,577</u>	<u>11,572</u>	<u>5,916</u>	<u>-</u>	<u>43,111</u>	<u>109,135</u>	<u>-</u>	<u>109,135</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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2023

	Six months ended	
	31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash (used in) from operating activities	<u>(225)</u>	<u>16,963</u>
Net cash used in investing activities	<u>(177)</u>	<u>(500)</u>
Net cash used in financing activities	<u>(869)</u>	<u>(5,003)</u>
Net (decrease)/increase in cash and cash equivalents	(1,271)	11,460
Cash and cash equivalents at the beginning of the period	<u>45,535</u>	<u>39,169</u>
Cash and cash equivalents at the end of the period, represented by bank balances and cash	<u><u>44,264</u></u>	<u><u>50,629</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2023

1. GENERAL

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 the GEM of the Stock Exchange on 30 March 2016 (the “**Listing Date**”). The registered office of the Company is located at PO Box 309, Uglund 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 Group’s principal activities are the provision of property construction services in Hong Kong.

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements of the Group for the Relevant Period are consistent with those applied in the Group’s audited financial statements for the year ended 30 June 2023.

HKICPA has issued a number of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRS**”) that are first effective or available for early adoption for the Relevant Period. There have been no significant changes to the accounting policies applied in these financial statements for the Relevant Period presented as a result of these developments.

The unaudited condensed consolidated financial statements of the Group for the Relevant Period have been prepared under the historical cost convention.

The unaudited condensed consolidated financial statements for the Relevant Period have not been audited by the Company’s independent auditor, but have been reviewed by the Company’s audit committee.

The preparation of the unaudited condensed consolidated financial statements of the Group for the Relevant Period is in conformity with the HKFRSs requirements in the use of certain critical accounting estimates. The HKFRSs also require the management to exercise their judgements in the process of applying the Group’s accounting policies.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 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 AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the construction services provided by the Group to external customers. The Group's operations is solely derived from construction services in Hong Kong for both periods. 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 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 plant and equipment amounting to approximately HK\$883,000 (30 June 2023: approximately HK\$800,000) as at 31 December 2023 are all physically located in Hong Kong.

Information about major customers

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

	For the three months ended		For the six months ended	
	31 December		31 December	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Customer A	373*	14,699	373*	20,923
Customer B	2,543	13,106	4,118	27,567
Customer C	5,098	34*	12,656	34*
Customer D	2,496	1,807*	6,564	5,487*

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

4. OTHER INCOME AND GAINS

	For the three months ended		For the six months ended	
	31 December		31 December	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Bank interest income	134	144	247	186
Government subsidy	–	121	–	345
Interest income on payment for a life insurance policy	77	55	154	76
Interest income on loan to third parties	225	–	225	–
Reversal of allowance for bad and doubts for trade receivables	55	–	55	–
	<u>491</u>	<u>320</u>	<u>681</u>	<u>607</u>

5. FINANCE COSTS

	For the three months ended		For the six months ended	
	31 December		31 December	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on bank borrowings	–	–	–	21
Interest on lease liabilities	64	–	64	–
	<u>64</u>	<u>–</u>	<u>64</u>	<u>21</u>

6. LOSS BEFORE TAXATION

	For the three months ended		For the six months ended	
	31 December		31 December	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss before taxation has been arrived at after charging:				
Auditor's remuneration	174	188	348	375
Directors' remuneration	875	875	1,740	1,999
Other staff costs:				
Salaries and other benefits	3,041	4,912	6,186	9,376
Retirement benefits scheme contributions	85	135	181	282
Total staff costs	4,001	5,922	8,107	11,657
Depreciation of plant and equipment	96	145	192	301
Depreciation of right-of-use assets	858	–	858	–

7. 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 (Six months ended 31 December 2022: Nil).

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2023 (Six months ended 31 December 2022: Nil).

9. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the following date:

	Three months ended 31 December 2023		Six months ended 31 December 2023	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss:				
Loss attributable to owners of the Company	<u>(11,442)</u>	<u>(4,630)</u>	<u>(16,546)</u>	<u>(8,510)</u>
	2023 '000	2022 '000	2023 '000	2022 '000

Number of shares:

Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	<u>795,940</u>	<u>795,940</u>	<u>795,940</u>	<u>795,940</u>
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10. PLANT AND EQUIPMENT

	Machinery HK\$'000	Leasehold improvements HK\$'000	Office equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Audited						
Cost						
At 1 July 2022	187	1,444	1,174	438	2,522	5,765
Addition	–	–	–	–	379	379
Disposal	–	–	–	–	(247)	(247)
At 30 June 2023	<u>187</u>	<u>1,444</u>	<u>1,174</u>	<u>438</u>	<u>2,654</u>	<u>5,897</u>
Accumulated depreciation						
At 1 July 2022	187	1,444	1,174	438	1,526	4,769
Charge for the year	–	–	–	–	575	575
Disposal	–	–	–	–	(247)	(247)
At 30 June 2023	<u>187</u>	<u>1,444</u>	<u>1,174</u>	<u>438</u>	<u>1,854</u>	<u>5,097</u>
Carrying amount						
At 30 June 2023	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>800</u>	<u>800</u>

	Machinery <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Unaudited						
Cost						
At 1 July 2023	187	1,444	1,174	438	2,654	5,897
Addition	—	—	—	—	275	275
At 31 December 2023	<u>187</u>	<u>1,444</u>	<u>1,174</u>	<u>438</u>	<u>2,929</u>	<u>6,172</u>
Accumulated depreciation						
At 1 July 2023	187	1,444	1,174	438	1,854	5,097
Charge for the period	—	—	—	—	192	192
At 31 December 2023	<u>187</u>	<u>1,444</u>	<u>1,174</u>	<u>438</u>	<u>2,046</u>	<u>5,289</u>
Carrying amount						
At 31 December 2023	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>883</u>	<u>883</u>

11. TRADE RECEIVABLES

An aged analysis of the trade receivables, presented based on the invoice date at the end of the reporting period, is as follows:

	31 December 2023 <i>HK\$'000</i> (Unaudited)	30 June 2023 <i>HK\$'000</i> (Audited)
0-30 days	—	5,780
31-60 days	840	1,232
61-180 days	—	374
181-360 days	<u>1,011</u>	<u>—</u>
	<u>1,851</u>	<u>7,386</u>

12. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	31 December 2023 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Audited)
Trade payables:		
0-30 days	2,526	5,654
31-60 days	–	32
61-180 days	–	–
Over 180 days	<u>25</u>	<u>250</u>
	<u>2,551</u>	<u>5,936</u>

13. SHARE CAPITAL

The Company

Details of the share capital of the Company are disclosed as follows:

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 30 June 2023 and 31 December 2023	<u>2,000,000,000</u>	<u>20,000</u>
<i>Issued and fully paid:</i>		
At 30 June 2023 and 31 December 2023	<u>795,940,000</u>	<u>7,959</u>

14. SHARE-BASED PAYMENTS

The Company operates a share option scheme (the “**Share Option Scheme**”) for the purpose of providing incentives or rewards to eligible participants for their contribution to the Group pursuant to a resolution passed on 9 March 2016.

The total number of shares (the “**Shares**”) which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue on the Listing Date.

Directors may, at its absolute discretion, invite any person belonging to any of the following classes of participants (“**Eligible Participants**”), to take up options (the “**Share Options**”) to subscribe for Shares:

- (i) any director, employee, officer, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or any entity in which the Company or any subsidiary holds any interest;
- (ii) any discretionary trust the discretionary objects of which include any director, employee, officer, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or any Invested Entity; and
- (iii) any corporation wholly-owned by any person mentioned in clause (i) above.

Share Options granted must be taken up within 21 days from the date of grant, upon payment of HK\$1.00. An offer may not be accepted by an Eligible Participant who ceases to be an Eligible Participant after an offer is made to him/her but before his/her acceptance. No offer shall be capable of or open for acceptance after the date that falls on expiry of 10 years commencing on the date of which the Share Option Scheme is adopted.

Share Options exercise price is the highest of (i) the nominal value of a share of the Company; (ii) the closing price of the Shares as stated in the daily quotations sheet of Stock Exchange on the date of the offer for granting the Share Options; and (iii) the average price of Shares as stated in the daily quotations sheets on the Stock Exchange.

During the Relevant Period, the Group did not grant any of the Share Options (30 June 2023: Nil).

Movement of the Company’s Share Options during the Relevant Period are as followings:

	Number of share options
At 1 July 2023	16,800,000
Granted during the period	–
Lapsed during the period	<u>(16,800,000)</u>
At 31 December 2023	<u>–</u>

15. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of Directors, who represent the key management personnel, during the Relevant Period are as follows:

	Three months ended		Six months ended	
	31 December		31 December	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short-term benefits	872	1,120	1,732	1,990
Post-employment benefits	3	5	8	9
	<u>875</u>	<u>1,125</u>	<u>1,740</u>	<u>1,999</u>

16. PERFORMANCE GUARANTEE

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 the third parties for any claims from customers under the guarantee due to the failure of the Group's performance.

At 31 December 2023, performance guarantees of approximately HK\$10,758,000 (30 June 2023: HK\$10,758,000) 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 31 December 2023, performance guarantees of approximately HK\$28,749,000 (30 June 2023: HK\$37,729,000) given by third parties were secured by the Group's cash deposits, which will be released upon completion of the contract works.

At the end of both reporting periods, the directors of the Company do not consider it is probable that a claim will be made against the Group.

17. LITIGATIONS

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. Outstanding interests of HK\$225,000 and HK\$58,581 were successfully received from the Borrowers on 7 December 2023 and 5 January 2024 respectively. KV is in the process of seeking legal advice and shall take appropriate actions, to recover the remaining outstanding loan, related interest and costs of action.

On the other hand, 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 being an alleged outstanding payment owed to the Plaintiff. The management offered a sanctioned payment of HK\$9,300,000 to court for the final settlement of the claims. As at 31 December 2023, the offer is still pending for the Plaintiff’s acceptance.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

During the Relevant Period, the Group has submitted 11 tenders for construction projects in the market. We are currently managing 2 main projects and overseeing the progress of 5 construction projects that were substantially completed in previous years.

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

Additionally, the recent increase in interest rates by the US Federal Reserve has placed a significant 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, resulting in narrow 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, the local property market has experienced a decline in prices. Consequently, the Directors have decided not to participate 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 major developments, 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.

We believe that the Hong Kong Government will have different policies to stimulate the economy. We are looking for the impact of COVID-19 to gradually disappear. In addition, we can see the continued commitment and efforts by the government in land development and the provision of public housing in Hong Kong. The Board will continue to build on our existing competitive strengths to achieve the long-term business objectives and sustainability.

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\$67.9 million for the six months ended 31 December 2022 to approximately HK\$30.8 million for the six months ended 31 December 2023, representing a decrease of approximately 54.6%. This decrease was primarily due to a reduction in the number of construction projects undertaken during the Relevant Period.

Direct Cost

Our direct costs decreased from approximately HK\$66.0 million for the six months ended 31 December 2022 to approximately HK\$29.0 million for the six months ended 31 December 2023, representing a decrease of approximately 56.1%. This decrease was in line with the decrease in revenue during the Relevant Period.

Gross Profit

Gross profit of the Group decreased from approximately HK\$1.9 million for the six months ended 31 December 2022 to approximately HK\$1.8 million for the six months ended 31 December 2023, representing a decrease of approximately 4.1%. This decrease was primarily due to the decrease in revenue during the Relevant Period.

Administrative Expenses

Administrative expenses of the Group decreased by approximately 9.4% from approximately HK\$11.0 million for the six months ended 31 December 2022 to approximately HK\$10.0 million for the six months ended 31 December 2023. This decrease was mainly attributed to a reduction in staff costs during the Relevant Period.

Income Tax Expense

There was no income tax expense of the Group during the Relevant Period (Six months ended 31 December 2022: Nil), as the Group has recorded loss.

Loss and total comprehensive expense for the six months ended 31 December 2023 attributable to owners of the Company

Loss and total comprehensive expense for the period attributable to owners of the Company was approximately HK\$16.5 million (Six months ended 31 December 2022: approximately HK\$8.5 million). Such increase was attributable to the decrease in revenue and provision for losses on litigation of HK\$9.3 million recognised during the Relevant Period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquidity position during the Relevant Period. As at 31 December 2023, the Group had bank balances and cash of approximately HK\$44.3 million (30 June 2023: approximately HK\$45.5 million) and pledged bank balances of approximately HK\$11.2 million (30 June 2023: approximately HK\$11.1 million). The current ratio as at 31 December 2023 was approximately 2.2 times (30 June 2023: approximately 2.6 times).

As at 31 December 2023, the Group had total assets of approximately HK\$129.4 million (30 June 2023: approximately HK\$144.9 million), which was financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$42.3 million (30 June 2023: approximately HK\$41.2 million) and approximately HK\$87.1 million (30 June 2023: approximately HK\$103.7 million), respectively.

GEARING RATIO

The gearing ratio is calculated based on the total loans and borrowings (interest-bearing bank borrowings and bank overdrafts) divided by total equity as at the respective reporting date. As at 31 December 2023, there was no outstanding interest-bearing borrowings and the gearing ratio is nil (30 June 2023: nil).

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the six months ended 31 December 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 31 December 2023, the Group pledged its bank deposits to a bank of approximately HK\$11.2 million (30 June 2023: approximately HK\$11.1 million) as collateral to secure bank facilities granted to the Group.

As at 31 December 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 2023: approximately HK\$9.2 million) as collateral to secure bank facilities granted to the Group.

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

FOREIGN EXCHANGE EXPOSURE

All of the revenue-generating operations and borrowings of the Group were transacted in Hong Kong Dollars which is the functional currency of all the Group entities. For the six months ended 31 December 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

There has been no change in the capital structure of the Group for the six months ended 31 December 2023.

As at 31 December 2023, the Company's issued share capital was HK\$7,959,400 and the number of its issued ordinary shares was 795,940,000 of HK\$0.01 each.

COMMITMENTS

As at 31 December 2023, the Group did not have any capital commitment (30 June 2023: Nil).

SEGMENTAL INFORMATION

Segmental information is presented for the Group as disclosed on note 3 to the unaudited condensed 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 at 31 December 2023.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Relevant Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

LITIGATIONS

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. Outstanding interests of HK\$225,000 and HK\$58,581 were successfully received from the Borrowers on 7 December 2023 and 5 January 2024 respectively. KV is in the process of seeking legal advice and shall take appropriate actions, to recover the remaining outstanding loan, related interest and costs of action.

On the other hand, 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 being an alleged outstanding payment owed to the Plaintiff. The management offered a sanctioned payment of HK\$9,300,000 to court for the final settlement of the claims. As at 31 December 2023, the offer is still pending for the Plaintiff’s acceptance.

CONTINGENT LIABILITIES

At 31 December 2023, performance guarantees of approximately HK\$10,758,000 (30 June 2023: HK\$10,758,000) 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 31 December 2023, performance guarantees of approximately HK\$28,749,000 (30 June 2023: HK\$37,729,000) 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 31 December 2023, the Group employed a total of 36 employees (31 December 2022: 44 employees). The staff costs, including Directors’ emoluments, of the Group were approximately HK\$8.1 million for the six months ended 31 December 2023 (31 December 2022: approximately HK\$11.7 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 Relevant Period.

DISCLOSURE OF INTERESTS

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

As at 31 December 2023, the interests and short positions of the Directors and chief executives of the Company in the shares of the Company (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%

Note:

- 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 31 December 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 31 December 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 position/short position/lending pool	Percentage of total issued share capital of the Company
Best Brain	Beneficial owner	250,000,000	Long position	31.41%
Liu Long	Beneficial owner	60,000,000	Long position	7.54%
Mr. Ko Chun Hay Kelvin	Beneficial owner	59,600,000	Long position	7.49%
Ye Shanmin	Beneficial owner	54,560,000	Long position	6.85%
		54,560,000	Lending pool	6.85%

Save as disclosed above, as at 31 December 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

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 Relevant Period.

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

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 under the Corporate Governance Code (the "**CG Code**") as set out in the Appendix C1 to the GEM Listing Rules.

During the Relevant Period, the Company has complied with the relevant rules in 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. The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct during the Relevant Period.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2023.

EVENT AFTER THE REPORTING PERIOD

After the date of this announcement, save as disclosed in this announcement, the Board is not aware of any significant events after the reporting period that requires disclosure.

SHARE OPTION SCHEME

The shareholders of the Company approved and adopted the Share Option Scheme by way of written resolutions on 9 March 2016.

Details of the movements of share options granted, exercised or cancelled/lapsed during the Relevant Period and outstanding as at 31 December 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	Lapsed during the period	Cancelled during the period	Outstanding at 31 December 2023
Mr. Kwok, executive Director	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, former executive Director	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>16,800,000</u>	<u>-</u>	<u>-</u>

AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”) on 9 March 2016 with its written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and 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. As at 31 December 2023, the Audit Committee consists of two members, namely Ms. Wong Shuk Fong and Mr. Donald William Sneddon, all being independent non-executive Directors of the Company. On 12 January 2024, Mr. Leung Tze Wai (“**Mr. Leung**”) has been appointed as a member of the Audit Committee. 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 results of the Group for the six months ended 31 December 2023. The Audit Committee is of the view that such results comply with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures has been made.

COMPLIANCE WITH THE GEM LISTING RULES IN RELATION TO BOARD COMPOSITION

On 29 November 2023, Mr. Ng Man Li (“**Mr. Ng**”) has been re-designated from an independent non-executive director of the Company to an executive director of the Company, and resulted in the Company’s non-compliance with Rules 5.05(1) and 5.28 of the GEM Listing Rules. Following the re-designation of Mr. Ng, the Company had (i) two independent non-executive directors, which resulted in the number of independent non-executive directors of the Company falling below the minimum number of three required under Rule 5.05(1) of the GEM Listing Rules; and (ii) two members of the Audit Committee, which resulted in the number of Audit Committee members falling below the minimum number of three required under Rule 5.28 of the GEM Listing Rules.

On 12 January 2024, Mr. Leung has been appointed as an independent non-executive director of the Company and a member of each of the Audit Committee, the remuneration committee and the nomination committee of the Company. Following the appointment of Mr. Leung, the Company has fulfilled the requirements under Rules 5.05(1) and 5.28 of the GEM Listing Rules.

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

Hong Kong, 23 February 2024

As at the date of this announcement, the executive Directors are Mr. Kwok Tung Keung, Mr. Ng Man Li, Mr. Tam Brown Lun and Mr. Qiu Haiquan; the non-executive Director is Ms. Wong Hui Yu; and the independent non-executive Directors are Mr. Donald William Sneddon, Ms. Wong Shuk Fong and Mr. Leung Tze Wai.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from its date of posting and the Company’s website at www.wmcl.com.hk.