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## **Super Strong Holdings Limited**

**宏強控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8262)**

### **FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2018**

#### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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

## FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated first quarterly results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 30 September 2018 (the “**Relevant Period**”), together with the unaudited comparative figures for the corresponding period in 2017 as follows:

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

*For the three months ended 30 September 2018*

		Three months ended 30 September	
		2018	2017
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	124,929	116,472
Cost of sales		<u>(110,680)</u>	<u>(109,581)</u>
<b>Gross Profit</b>		<b>14,249</b>	<b>6,891</b>
Other income		73	90
Administrative expenses		(10,025)	(5,653)
Finance costs		<u>(110)</u>	<u>(30)</u>
<b>Profit before tax</b>		<b>4,187</b>	<b>1,298</b>
Income tax expense	4	<u>(975)</u>	<u>(231)</u>
<b>Profit and total comprehensive income for the period</b>		<b><u>3,212</u></b>	<b><u>1,067</u></b>
<b>Profit and total comprehensive income for the period attributable to:</b>			
Owners of the Company		3,168	1,067
Non-controlling interests		<u>44</u>	<u>—</u>
		<b><u>3,212</u></b>	<b><u>1,067</u></b>
<b>Earnings per share</b>			
Basic and diluted ( <i>HK cents</i> )	6	<b><u>0.40</u></b>	<b><u>0.13</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 September 2018

	Attributable to owners of the Company							
	Share capital	Share premium	Capital contribution	Share options reserve	Retained profits	Subtotal	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000 (note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2018 (audited)	8,000	40,903	11,572	3,649	102,392	166,516	5,414	171,930
Profit and total comprehensive income for the period	—	—	—	—	3,168	3,168	44	3,212
At 30 September 2018 (unaudited)	8,000	40,903	11,572	3,649	105,560	169,684	5,458	175,142
At 1 July 2017 (audited)	8,000	40,903	11,572	—	89,795	150,270	—	150,270
Profit and total comprehensive income for the period	—	—	—	—	1,067	1,067	—	1,067
At 30 September 2017 (unaudited)	8,000	40,903	11,572	—	90,862	151,337	—	151,337

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months ended 30 September 2018*

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 September 2015 and its shares are listed on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 30 March 2016. The headquarter and principal place of business of the Company in Hong Kong is located at Unit D, 3/F., Freder Centre, 3 Mok Chong Street, Tokwawan, Kowloon, Hong Kong.

The principal activity of the Company is investment holding. The Group’s principal activities are the provision of property construction services in Hong Kong.

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

## 2. BASIS OF PREPARATION

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

In the Reporting Period, the Group has adopted new or revised HKFRSs issued by the HKICPA which are relevant to Group’s operations and effective for the Group’s financial statements for accounting period beginning on or after 1 July 2017. The adoption has no significant changes on the Group’s reported results and the financial position of the Group for the current or prior accounting periods. The Group has not applied any new or revised HKFRSs that is not yet effective for the Reporting Period. For those which are not yet effective and have not been early adopted, the Group is in the process of assessing their impact on the Group’s results and financial position.

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the three months ended 30 September 2018 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2018.

### ***Equity-settled share-based payment transactions***

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straightline basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Company revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of share options granted is expensed immediately to profit or loss. When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services rendered, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the services.

### 3. REVENUE

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

Specifically, the Group's operating segments are as follows:

	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2018</b>	<b>2017</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
General building works	<b>100,361</b>	113,795
Specialised building works	—	2,677
Building management services	<b>24,568</b>	—
	<b>124,929</b>	116,472

#### 4. INCOME TAX EXPENSE

	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2018</b>	<b>2017</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Hong Kong profits tax	<u>975</u>	<u>231</u>

Hong Kong profits tax has been provided at the rate of 16.5% based on the estimated assessable profits of the Group for the periods as stated above.

#### 5. DIVIDEND

The Board did not recommend the payment of an interim dividend for the Relevant Period (2017: Nil).

#### 6. EARNINGS PER SHARE

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

	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2018</b>	<b>2017</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings:</b>		
Earnings for the purpose of calculating basic earnings per share (profit and total comprehensive income for the period attributable to owners of the Company)	<u>1,732</u>	<u>1,067</u>
	<b>'000</b>	<b>'000</b>

#### **Number of Shares:**

Weighted average number of ordinary Shares for the purpose of calculating basic earnings per share	<u>800,000</u>	<u>800,000</u>
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No diluted earnings per Share was presented as there were no potential ordinary Shares in issue during the periods under review.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

#### **Revenue**

The Group's revenue increased from approximately HK\$116.5 million for the three months ended 30 September 2017 to approximately HK\$124.9 million for the Relevant Period, representing an increase of approximately 7.2%. Such increase was mainly due to the contribution from the building management services revenue. For the revenue generated from general building works and specialised building works, there is a drop of approximately 9.8%, from approximately HK\$116.5 million to HK\$100 million during the relevant period.

#### **Cost of Sales**

The Group's cost of sales increased from approximately HK\$110.0 million for the three months ended 30 September 2017 to approximately HK\$110.7 million for the Relevant Period, representing an increase of approximately 0.6%. Such increase was in line with the increase in revenue during the Relevant Period.

#### **Gross Profit**

Gross profit of the Group increased by approximately 105.8% from approximately HK\$6.9 million for the three months ended 30 September 2017 to approximately HK\$14.2 million for the Relevant Period. The increase in gross profit margin from approximately 5.9% for the three months ended 30 September 2017 to approximately 11.4% for the three months ended 30 September 2018 was mainly due to the increase in gross profit margin of certain projects during the Relevant Period.

#### **Other Income**

The Group's other income amounted to approximately HK\$90,000 and approximately HK\$73,000 for the three months ended 30 September 2017 and 2018 respectively. The decrease was mainly due to the slight decrease in financial guarantee income for the Relevant Period.

#### **Administrative Expenses**

Administrative expenses of the Group increased by approximately 77.3% from approximately HK\$5.7 million for the three months ended 30 September 2017 to approximately HK\$10.0 million for the Relevant Period. The increase was mainly due to the increase in staff costs in the sector of building management services.

## **Income Tax Expense**

Income tax expense for the Group increased by approximately 4.2 times from approximately HK\$231,000 for the three months ended 30 September 2017 to approximately HK\$975,000 for the Relevant Period. The increase was mainly due to the effect of increase in profit for the Relevant Period.

## **Profit and Total Comprehensive Income for the Period Attributable to the Owners of the Company**

Profit and total comprehensive income for the period attributable to the owners of the Company increased by approximately 2.0 times from approximately HK\$1.1 million for the three months ended 30 September 2017 to approximately HK\$3.2 million for the Relevant Period. Such increase was primarily attributable to the increase in gross profit as discussed above for the Relevant Period.

## **BUSINESS REVIEW AND OUTLOOK**

The Group is principally engaged in general building works and specialised building works in Hong Kong. We generate revenue by provision of general building works and specialised building works which are contracted by our customers on project basis.

The general building works undertaken by us refer to the construction works performed by us at construction sites for residential buildings, commercial buildings, industrial buildings and general superstructure erection, and also include (i) erection of architectural superstructures, and (ii) renovation, fitting out, alteration and addition works. We also undertake specialised building works, which comprise demolition, site formation and foundation works.

Looking forward, the Directors consider that the future opportunities which the Group faces will be affected by the condition of the property market in Hong Kong. The Directors are of the view that the enormous demand for properties in Hong Kong is the key driver for the growth of the Hong Kong building industry.

With the Group's experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors under such future challenges that are commonly faced by all competitors, and the Group will continue to pursue the following key business strategies: (i) further enhancing our participation in undertaking construction works from both the private sector and the public sector; (ii) further strengthening our manpower through recruiting additional qualified and experienced staff; (iii) maintaining an integrated management system for quality, environment, occupational health and safety management; and (iv) further adhering our one-stop-shop strategy and prudent financial management.



## DISCLOSURE OF INTERESTS

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

As at 30 September 2018, the interests and short positions of the Directors and chief executives of the Company in the Shares, the underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive was taken or deemed to have under such provision of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### (i) Long positions in the Shares

Name of Director	Nature of interest	Number of the Shares held/ interested in	Number of share options	Percentage of shareholding (approximately)
Mr. Kwok Tung Keung ("Mr. Kwok")	Interest in controlled corporation ( <i>Note 1</i> )	250,000,000	–	31.25%
	Beneficial owner	–	13,000,000	1.63%
Mr. Ko Chun Hay Kelvin	Beneficial Owner	189,500,000	–	23.69%
	Beneficial Owner	–	13,000,000	1.63%

#### Notes:

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

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

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

Save as disclosed above, as at 30 September 2018, none of the Directors nor chief executive of the Company has registered an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

So far as the Directors are aware, as at 30 September 2018, the following persons (other than the Directors or chief executive of the Company) or companies were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules:

Name of shareholder	Nature of interest	Number of the Shares held/ interested in	Long/short position	Percentage of total issued share capital of the Company
Best Brain	Beneficial owner	250,000,000	Long	31.25%
Neo Paramount	Beneficial owner	160,000,000	Long	20.00%

Save as disclosed above, as at 30 September 2018, the Directors were not aware of any other persons or companies who had any interest or short position in the Shares or underlying Shares of the Company that was required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## **COMPETING INTERESTS**

During the Relevant Period, so far as the Directors are aware, none of the Directors or the controlling shareholders of the Company, neither themselves nor their respective close associates (as defined in the GEM Listing Rules) had any business or interest that competes or may compete with the business of the Group, or any other conflict of interests which any such person has or may have with the Group.

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

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

## **CORPORATE GOVERNANCE CODE**

During the Relevant Period, except for the deviation from CG Code provision A.2.1, the Company's corporate governance practices have complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules. CG Code provision A.2.1 stipulates that the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Kwok Tung Keung is the Chairman and the Chief Executive Officer of our Company. In view of Mr. Kwok has been operating and managing W.M. Construction Limited and W.M. Engineering Company Limited since 1999 and 2001 respectively, the Board believes that it is in the best interest of our Group to have Mr. Kwok taking up both roles for effective management and business development. Therefore our Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-caliber individuals, with three of them being Independent Non-executive Directors.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **DIVIDEND**

The Board did not recommend the payment of an interim dividend for the Relevant Period (2017: Nil).

## SHARE OPTION SCHEME

The shareholders of the Company approved and adopted the Share Option Scheme by way of written resolutions on 9 March 2016. Since the Listing Date and up to 30 September 2018, a total of 26,500,000 share options to subscribe for 26,500,000 ordinary shares of HK\$0.01 each of the Company, representing approximately 3.3% of the issued share capital of the Company, were granted to two executive Directors and employee under the Share Option Scheme. The exercise price of the Share Options is HK\$0.371 per Share.

Details of the movements of share options granted, exercised or cancelled/lapsed during the period and outstanding as at 30 September 2018 are as follows:

Grantees	Date of grant	Exercise price per share HK\$	Closing price per share immediately before date of grant HK\$	Exercise period (both dates inclusive)	At 1 July 2018	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding at 30 September 2018
Mr. Kwok Tung Keung	29 November 2017	0.371	0.385	29 November 2017 to 28 November 2022	13,000,000	—	—	—	13,000,000
Mr. Ko Chun Hay Kelvin	29 November 2017	0.371	0.385	29 November 2017 to 28 November 2022	13,000,000	—	—	—	13,000,000
Other employee	29 November 2017	0.371	0.385	29 November 2017 to 28 November 2022	500,000	—	—	—	500,000
Total					<u>26,500,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>26,500,000</u>

## AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) on 9 March 2016 with its written terms of reference in compliance with paragraphs C3.3 and C3.7 of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, nominate and monitor external auditors and to provide advices and comments to the Board on matters related to corporate governance. The Audit Committee consists of three members, namely Mr. Donald William Sneddon, Mr. So Chi Wai and Ms. Wong Shuk Fong, all being independent non-executive Directors of the Company. Ms. Wong Shuk Fong currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed this announcement and the unaudited condensed consolidated financial statements of the Group for the Relevant Period and the effectiveness of internal control system.

By Order of the Board  
**Super Strong Holdings Limited**  
**Kwok Tung Keung**  
*Chairman and executive Director*

Hong Kong, 14 November 2018

*As at the date of this announcement, the executive Directors are Mr. Kwok Tung Keung and Mr. Ko Chun Hay Kelvin, the non-executive Director is Mr. Woo See Shing and the independent non-executive Directors are Mr. Donald William Sneddon, Mr. So Chi Wai and Ms. Wong Shuk Fong.*

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