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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)**

## **CLARIFICATION ANNOUNCEMENT MAJOR AND CONNECTED TRANSACTION DISPOSAL OF A SUBSIDIARY**

Reference is made to the announcements issued by the Company on 14 February 2019 and 15 February 2019 in relation to the disposal of about 49.06% of the issued share capital of Disposal Company by the Vendor, a wholly-owned subsidiary of the Company (the “**Disposal**”) at a consideration of HK\$9,800,000 (collectively, the “**Announcements**”). Terms used herein shall have the same meanings as defined in the Announcements unless otherwise stated.

It was disclosed in the Announcements that the Disposal constituted a disclosable and connected transaction that was subject to the notification and announcement requirements under the GEM Listing Rules. However, it came to the attention of the Directors that the size test with respect to the Disposal has been inadvertently calculated on an erroneous basis, the Disposal should be categorized as a major transaction of the Company and shall be subject to the notification, announcement and shareholders’ approval requirements under Chapter 19 of the GEM Listing Rules.

The Company has taken steps to rectify the non-compliance resulting from the inadvertent mistake as soon as practicable, including by way of publication of a circular and organizing a general meeting for shareholders to consider and approve the Disposal. A circular containing, among others, (i) further details of the Agreement; (ii) other information as required to be disclosed under the GEM Listing Rules; and (iii) the notice of the EGM, will be despatched to the Shareholders on or before 12 March 2018.

## **DISPOSAL OF A SUBSIDIARY**

On 14 February 2019, the Vendor, a wholly-owned subsidiary of the Company and the Purchaser entered into the Sale and Purchase Agreement pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares, which represented approximately 49.06% of the entire issued share capital of the Disposal Company, at a cash consideration of HK\$9,800,000.

## THE AGREEMENT

The principal terms of the Agreement are as follows:

### Date of the Agreement

14 February 2019

### Parties

- (i) the Vendor; and
- (ii) the Purchaser.

### Consideration

The Consideration of HK\$9,800,000 was determined based on normal commercial terms after arm's length negotiations between the Company and the Purchaser. The basis of Consideration is based on the original acquisition costs. The Consideration has been received on the completion date in form of lawyer's cheque.

The Directors considered that the Consideration was fair and reasonable.

## INFORMATION OF THE DISPOSAL COMPANY

The Disposal Company is a company incorporated in Hong Kong with limited liability. The Disposal Company is engaged in building management services.

The audited financial information of the Disposal Company for the two years ended 31 March 2017 and 31 March 2018 and the unaudited financial information for the period ended 31 December 2018 are set out below:

	<b>For the financial year ended 31 March</b>		<b>For the period ended 31 December</b>
	<b>2017</b>	<b>2018</b>	<b>2018</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)
Turnover	79,019	91,851	83,335
Profit before tax	726	2,950	560
Profit after tax	619	2,510	514
Net Asset	7,566	7,166	7,711

## **FINANCIAL EFFECT OF THE DISPOSAL**

The Sale Shares were acquired by the Group at a consideration of HK\$9,800,000 in May 2018. Immediately before the entering into of the Agreement, the Disposal Company was owned as to approximately 49.06% by the Vendor. As the Group had control over the Disposal Company, the Disposal Company was accounted for as a subsidiary of the Company. Upon completion of the Agreement, the Group does not hold any shares in the Disposal Company and the Disposal Company ceased to be a subsidiary of the Company. The financial results of the Disposal Company are no longer consolidated into the financial statements of the Group upon completion of the Agreement.

The Company currently estimates that a disposal gain of approximately HK\$70,000 (which has not been reviewed by auditor and may be subject to accounting adjustments), calculated based on Consideration of the Disposal, the net asset value and profit in the unaudited management accounts of the Disposal Company, will be recognised in the consolidated financial statements of the Group as a result of the Disposal.

## **USE OF PROCEEDS**

The proceeds generated from the Disposal will be applied as general working capital of the Group.

## **REASONS AND BENEFITS OF THE DISPOSAL**

The Company is an investment holding company and the Group's principal activity is provision of property construction services in Hong Kong.

The Group has tried to integrate the operations of the Disposal Company in buildings management services with the operations of the Group. However, as a result of irreconcilable differences between the Group's strategy and the objectives of the management of the Disposal Company, the Directors agreed to sell the Sale Shares back to the Purchaser.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Director has a material interest in the Disposal and was required to abstain from voting at the meeting of the Board approving the Agreement and the transactions contemplated thereunder. The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Agreement and the transaction contemplated therein are (i) fair and reasonable; (ii) on normal commercial terms or better, and in the ordinary and usual course of business of the Company; and (iii) that the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) have approved the entering into of the Agreement together with the Disposal contemplated thereunder.

## **INFORMATION ON THE PURCHASER**

The Purchaser is the founder and the managing director with existing ownership of 41.0% shareholding of the Disposal Company.

## **THE GEM LISTING RULES IMPLICATIONS**

As the Purchaser is a director and a substantial shareholder of the Disposal Company which was a subsidiary of the Company immediately before completion of the Agreement, the Purchaser is a connected person (at the subsidiary level) of the Company and the Disposal constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

Since (1) the Board has approved the entering into of the Agreement together with the Disposal contemplated thereunder; and (2) the independent non-executive Directors consider that the terms of the Agreement are fair and reasonable and on normal commercial terms or better, and the Disposal is in the interests of the Company and the Shareholders as a whole, the Disposal is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 20.99 of the GEM Listing Rules, and is therefore subject to the notification and announcement requirements under the GEM Listing Rules.

It was disclosed in the Announcements that the Disposal constituted a disclosable and connected transaction that was subject to the notification and announcement requirements under the GEM Listing Rules. It has recently come to the attention of the Board that based on the size tests recalculated required under Rule 19.28(2) of the GEM Listing Rules, as the highest applicable percentage ratio (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the Disposal is 25% or more, but all are less than 75%, the Disposal as contemplated under the Agreement constituted a major transaction for the Company and is subject to notification, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The Company inadvertently calculated the size test in relation to the Disposal based on the percentage of equity interest the Company intended to be disposed. The Directors consider that the failure to comply with the circular and shareholders' approval requirements pursuant to Rules 19.38 and 19.40 of the GEM Listing Rules was inadvertent. Even though the Disposal has already been completed on 15 February 2019, the Company has taken steps to rectify the non-compliance as soon as practicable, including but not limited to the following:

- (a) the Company has sought to explain the non-compliance with the GEM Listing Rules by way of making this announcement;

- (b) the Company shall publish a circular and organize a general meeting for independent shareholders to consider and approve the Disposal as soon as practicable and in any event within 15 business days after the date of this announcement; and
- (c) the Company will strengthen its internal control in monitoring transactions of similar nature by, among other things, provision of specific training on relevant requirements of the GEM Listing Rules to the Board and senior management of the Company to increase the awareness of employees in relation to the calculation of the percentage ratios, GEM Listing Rules and other laws and regulations.

As at the date of this announcement and to the best knowledge and belief of the Directors, no Shareholder has a material interest in the transactions contemplated under the Agreement who will be required to abstain from voting at the EGM in respect of the resolution(s) relating to the Disposal.

## **GENERAL**

A circular containing, among others, (i) further details of the Agreement; (ii) other information as required to be disclosed under the GEM Listing Rules; and (iii) the notice of the EGM, will be despatched to the Shareholders on or before 12 March 2018.

The Company has received an irrevocable commitment from each of Best Brain Investments Limited, Mr. Ko Chun Hay Kelvin and Neo Paramount Limited, shareholders who are the beneficial owners of 250,000,000, 189,500,000, 160,000,000 Shares of the Company, representing approximately 31.25%, 23.69% and 20.00% of the total issued share capital of the Company, respectively, as at the date of this announcement, that they will vote in favour of the Disposal in the EGM.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, the following expressions have the following meanings:

“Board”	the board of Directors
“Company”	Super Strong Holdings Limited (宏強控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	HK\$9,800,000, being the cash consideration for the Sale Shares
“Director(s)”	the director(s) of the Company
“Disposal”	disposal of the Sale Shares by the Vendor pursuant to the Agreement
“Disposal Company”	Unimax Property Consultancy Limited, a company incorporated in Hong Kong with limited liability
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Purchaser”	Ms. Ng Lai Ching
“Sale and Purchase Agreement” or “the Agreement”	the sale and purchase agreement dated 14 February 2019 entered into between the Vendor and the Purchaser for the sale and purchase of the Sale Shares at the Consideration

“Sale Shares”	260,000 ordinary shares in the Disposal Company, representing approximately 49.06% of the share equity of the Disposal Company
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	King Victory Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 19 February 2019

*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. Sneddon Donald William, Mr. So Chi Wai and Ms. Wong Shuk Fong.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.*

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