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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 2020

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 2020, which have been audited and agreed by the auditor of the Company, together with the audited comparative figures for the year ended 30 June 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	3	217,287	507,796
Direct costs		(196,212)	(455,991)
Gross profit		21,075	51,805
Interest revenue		965	380
Other incomes, gains and losses		5,267	2,309
Administrative expenses		(24,586)	(33,935)
Profit from operation		2,721	20,559
Finance costs		(244)	(353)
Loss on disposal of subsidiaries		–	(197)
Profit before tax		2,477	20,009
Income tax expenses	4	(443)	(4,006)
Profit and total comprehensive income for the year	5	2,034	16,003
Profit and total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		2,363	16,120
Non-controlling interests		(329)	(117)
		2,034	16,003
Earnings per share	7		
Basic (HK cents)		0.30	2.02
Diluted (HK cents)		0.30	2.01

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	<i>Notes</i>	2020 HK\$'000	2019 HK\$'000
Non-current assets			
Plant and equipment		1,117	1,739
Right-of-use assets		2,650	–
Deferred tax assets		103	170
Deposits and prepayments		12,206	12,094
		16,076	14,003
Current assets			
Trade receivables	8	4,795	45,680
Other receivables, deposits and prepayments		33,443	1,034
Contract assets		35,456	51,916
Land for sale under development		5,136	–
Pledged bank balances		15,859	64,543
Bank balances and cash		131,444	93,097
		226,133	256,270
Current liabilities			
Trade payables	9	5,326	22,563
Other payables, retention payables and accrued charges		59,023	71,997
Contract liabilities		5,480	1,935
Tax payable		5,117	4,599
Bank borrowings		5,000	5,000
Lease liabilities		1,698	–
		81,644	106,094
Net current assets		144,489	150,176
Total assets less current liabilities		160,565	164,179

		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		<u>979</u>	<u>—</u>
Net assets		<u>159,586</u>	<u>164,179</u>
Capital and reserves			
Share capital	10	8,000	8,000
Reserves		<u>143,511</u>	<u>156,179</u>
Equity attributable to owners of the Company		151,511	164,179
Non-controlling interests		<u>8,075</u>	<u>—</u>
Total equity		<u>159,586</u>	<u>164,179</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Attributable to owners of the Company						Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital contribution HK\$'000	Share options reserve HK\$'000	Retained profits HK\$'000	Subtotal HK\$'000		
At 1 July 2018	8,000	40,903	11,572	3,649	102,392	166,516	5,414	171,930
Profit and total comprehensive income/ (expense) for the year	-	-	-	-	16,120	16,120	(117)	16,003
Recognition of equity-settled share-based payments	-	-	-	1,543	-	1,543	-	1,543
Share options forfeited	-	-	-	(1,408)	1,408	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	(5,297)	(5,297)
Final dividend paid	-	-	-	-	(20,000)	(20,000)	-	(20,000)
At 30 June 2019	<u>8,000</u>	<u>40,903</u>	<u>11,572</u>	<u>3,784</u>	<u>99,920</u>	<u>164,179</u>	<u>-</u>	<u>164,179</u>
At 1 July 2019	8,000	40,903	11,572	3,784	99,920	164,179	-	164,179
Profit and total comprehensive income/ (expense) for the year	-	-	-	-	2,363	2,363	(329)	2,034
Recognition of equity-settled share-based payments	-	-	-	1,369	-	1,369	-	1,369
Share options forfeited	-	-	-	(168)	168	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	4	4
Contribution by non-controlling interests	-	-	-	-	3,600	3,600	8,400	12,000
Final dividend paid	-	-	-	-	(20,000)	(20,000)	-	(20,000)
At 30 June 2020	<u>8,000</u>	<u>40,903</u>	<u>11,572</u>	<u>4,985</u>	<u>86,051</u>	<u>151,511</u>	<u>8,075</u>	<u>159,586</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

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 Chong 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 and sales of lands 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 2019. 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 except as stated below.

The Group has adopted HKFRS 16 “Leases” from its mandatory adoption date of 1 July 2019. The Group has applied the simplified transition approach and has not restated comparative amounts for the 2019 reporting period. Right of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the consolidated statement of financial position on 1 July 2019.

Adjustments recognised on adoption of HKFRS 16 “Leases”

	<i>HK\$’000</i>
Operating lease commitments disclosed at 30 June 2019:	2,277
Discounted using the lessee’s incremental borrowing rate 5.1% at the date of initial application	2,227
Less: short-term leases recognised on a straight-line basis as expense	(1,095)
Lease liabilities recognised at 1 July 2019	1,132

HK\$'000

Of which are:

Current lease liabilities	652
Non-current lease liabilities	480
	<hr/>
	1,132
	<hr/> <hr/>

The recognised right-of-use assets relate to the following types of assets:

1 July 2019

HK\$'000

Land and buildings	1,132
	<hr/> <hr/>

Under the simplified transition approach, the associated right-of-use assets were measured at the amount equal to the lease liabilities on adoption, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised as at 1 July 2019.

The change in accounting policy increased right-of-use assets and lease liabilities by HK\$1,132,000 on 1 July 2019.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 “Determining whether an Arrangement contains a Lease”.

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 and building management services. An analysis of the Group's revenue is as follow:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Construction services	217,287	436,947
Building management services	—	70,849
	<hr/>	<hr/>
Revenue from contracts with customers	217,287	507,796
	<hr/> <hr/>	<hr/> <hr/>

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 year ended 30 June 2020 and 2019.

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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer A	44,325	124,120
Customer B	30,560	168,397
Customer C	75,102	40,045*

* 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.

Building management services income

The Group provides building management service to the customers. Building management services income is recognised when the building management service is rendered and there is no unfulfilled obligation that could affect the customer's acceptance of the service.

4. INCOME TAX EXPENSES

	2020 HK\$'000	2019 HK\$'000
Hong Kong Profits Tax:		
Current year	383	4,198
Overprovision in prior years	(7)	—
	<hr/>	<hr/>
	376	4,198
Deferred taxation – current year	67	(192)
	<hr/>	<hr/>
	443	4,006
	<hr/> <hr/>	<hr/> <hr/>

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%. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements.

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 HK\$'000	2019 <i>HK\$'000</i>
Profit before taxation	<u>2,477</u>	<u>20,009</u>
Tax at the domestic tax rate	244	3,135
Tax effect of expenses not deductible for tax purpose	963	1,678
Tax effect of income not taxable for tax purpose	(915)	(787)
Tax effect of estimated tax losses not recognised	178	–
Overprovision in prior years	(7)	–
Others	<u>(20)</u>	<u>(20)</u>
Income tax expense	<u><u>443</u></u>	<u><u>4,006</u></u>

5. PROFIT FOR THE YEAR

	2020 HK\$'000	2019 <i>HK\$'000</i>
The Group's profit for the year is stated after charging/(crediting) the following:		
Auditor's remuneration	750	850
Directors' remuneration	5,294	5,255
Other staff costs:		
Salaries and other benefits	19,556	87,333
Equity-settled share option expense	45	57
Retirement benefit schemes contributions	678	3,285
Total staff costs*	<u>25,573</u>	<u>95,930</u>

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Depreciation of plant and equipment	622	379
Depreciation of right-of-use assets	958	–
Gain on disposal of plant and equipment	(1)	–
Amortisation of other intangible assets	–	373
Lease payments under operating leases in respect of office premises	–	2,414
	<u>–</u>	<u>2,414</u>

* The staff costs were expensed in direct costs and administrative expenses amounting to HK\$16,225,000 (2019: HK\$78,042,000) and HK\$9,348,000 (2019: HK\$17,888,000) respectively

6. DIVIDENDS

The 2019 final dividend of HK2.5 cents per ordinary share, in an aggregate amount of HK\$20,000,000 has been declared and paid during 2020.

No dividend was proposed for the year ended 30 June 2020.

7. EARNINGS PER SHARE

Basic earnings per share

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Earnings for the purpose of calculating basic and diluted earning per share	<u>2,363</u>	<u>16,120</u>

Number of shares

	2020 <i>'000</i>	2019 <i>'000</i>
Weighted average number of ordinary shares for the purpose of calculating basic earnings for share	800,000	800,000
Effect of dilutive potential ordinary shares – arising from share options	–	759
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per shares	<u>800,000</u>	<u>800,759</u>

8. TRADE RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	5,251	50,542
Less: allowance for bad and doubtful debts	<u>(456)</u>	<u>(4,862)</u>
	<u>4,795</u>	<u>45,680</u>

The Group allows a credit period of 30 to 60 days to its customers for construction works, and allows no credit to its customers for building management services. An ageing analysis of the trade receivables, presented based on the invoice date at the end of the reporting period, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 – 30 days	4,795	40,863
31 – 60 days	–	–
61 – 180 days	–	3,015
181 – 365 days	<u>–</u>	<u>1,802</u>
	<u>4,795</u>	<u>45,680</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 100% (2019: 88%) of trade receivables as at 30 June 2020, 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\$nil (2019: HK\$4,817,000) 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:

	2020 HK\$'000	2019 <i>HK\$'000</i>
Balance at beginning of year	4,862	6,524
Impairment losses recognised	63	984
Reversal of impairment losses	(4,469)	(2,646)
	<hr/>	<hr/>
Balance at end of year	456	4,862
	<hr/> <hr/>	<hr/> <hr/>

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 2020						
Weighted average expected loss rate	0%	0%	0%	0%	100%	
Receivable amount (HK\$'000)	4,795	–	–	–	456	5,251
Loss allowance (HK\$'000)	–	–	–	–	456	456
At 30 June 2019						
Weighted average expected loss rate	0%	0%	0%	5%	100%	
Receivable amount (HK\$'000)	40,863	–	3,015	1,897	4,767	50,542
Loss allowance (HK\$'000)	–	–	–	95	4,767	4,862

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:

	2020 HK\$'000	2019 <i>HK\$'000</i>
0 – 30 days	2,992	22,481
31 – 60 days	–	3
61 – 180 days	–	–
Over 180 days	2,334	79
	<hr/>	<hr/>
Total	5,326	22,563
	<hr/> <hr/>	<hr/> <hr/>

10. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 July 2018, 30 June 2019 and 30 June 2020	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:		
At 1 July 2018, 30 June 2019 and 30 June 2020	<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 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 maintained its participation in the industry by running about 25 construction projects. Those projects have substantially completed in previous years and majority of the projects have been entered into their preliminary completion stage during the year. At the same time, the new project has not been commenced.

The drop of the Group's revenue was also affected by the disposal of a subsidiary company, a property management company, in last year. After eliminating the above effect, the Group's revenue has dropped by about 50%, resulting to the significant drop in profit after tax during the year.

During the year, the Group has successfully recovered a few doubtful accounts, being recorded in the sundry income. There are a reduction of administrative expenses of about \$1.6 million, due to the contraction of business while there is an exchange loss of foreign currency of about \$0.8 million.

Facing with the keen competition and uncertainties in the economic environment, the Group continues to maintain a healthy financial position in its account by keeping a particularly low level of debts.

Looking forward, the Directors consider that the future business opportunities which the group faced will be affected by the performance of the property market in Hong Kong. The recent political tension in Hong Kong and the sudden lockdown due to COVID-19, have fueled uncertainties in Hong Kong property market and it will unavoidably slow down the property transactions or giving pricing pressure to property market. It will in turn affect the property construction business in Hong Kong. The group has entered into a turning point by increasingly participating in the investment role in the project, to involve in the developer role of the project, instead of merely taking up a property construction project. With its extensive experience in the property construction market and its healthy financial position, the Directors are full of confidence to lead the Group into its new acade.

FINANCIAL REVIEW

Revenue

Our revenue decreased from approximately HK\$507.8 million for the year ended 30 June 2019 to approximately HK\$217.3 million for the year ended 30 June 2020, representing a decrease of approximately 57.2%. Such decrease were partly due to a drop of construction orders being taken up during the year and partly due to the disposal of a subsidiary on 14 February 2019.

Direct Cost

Our direct costs decreased from approximately HK\$456.0 million for the year ended 30 June 2019 to approximately HK\$196.2 million for the year ended 30 June 2020, representing a decrease of approximately 57.0%. Such decrease were partly due to the drop of revenue and partly due to the disposal of a subsidiary on 14 February 2019.

Gross Profit

Gross profit of the Group decreased by approximately 59.3% from approximately HK\$51.8 million for the year ended 30 June 2019 to approximately HK\$21.1 million for the year ended 30 June 2020. The overall gross profit margin decreased from approximately 10.2% for the year ended 30 June 2019 to approximately 9.7% for the year ended 30 June 2020. The decrease in gross profit was in line with the drop in revenue and was due to a drop of construction order being taken up during the year. There is no material fluctuation in the gross profit margin.

Administrative Expenses

Administrative expenses mainly consist of staff costs, rental expenses, donation and professional fees. Administrative expenses of the Group decreased by approximately 27.4% from approximately HK\$33.9 million for the year ended 30 June 2019 to approximately HK\$24.6 million for the year ended 30 June 2020. The decrease was mainly due to the disposal of subsidiary on 14 February 2019.

Income Tax Expense

Income tax expense of the Group decreased by approximately 90.0% from approximately HK\$4.0 million for the year ended 30 June 2019 to approximately HK\$0.4 million for the year ended 30 June 2020. The decrease was mainly due to the decrease in the Group's taxable profit.

Profit and Total Comprehensive Income for the Year Ended 30 June 2020 Attributable to Owners of the Company

Profit and total comprehensive income for the year attributable to owners of the Company decreased by approximately 85.1% from approximately HK\$16.1 million for the year ended 30 June 2019 to approximately HK\$2.4 million for the year ended 30 June 2020. The decrease was mainly due to the decrease in revenue during the year ended 30 June 2020.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a sound financial position during the year ended 30 June 2020. As at 30 June 2020, the Group had bank balances and cash of approximately HK\$131.4 million (30 June 2019: approximately HK\$93.1 million) and pledged bank balances of approximately HK\$15.9 million (30 June 2019: approximately HK\$64.5 million). The total interest-bearing borrowings of the Group as at 30 June 2020 was approximately HK\$5.0 million (30 June 2019: approximately HK\$5.0 million), and the current ratio as at 30 June 2020 was approximately 2.8 times (30 June 2019: approximately 2.4 times).

As at 30 June 2020, the Group had total assets of approximately HK\$242.2 million (30 June 2019: approximately HK\$270.3 million), which is financed by total liabilities and shareholders' equity of approximately HK\$82.6 million (30 June 2019: approximately HK\$106.1 million) and approximately HK\$159.6 million (30 June 2019: approximately HK\$164.2 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 2020, the Group recorded gearing ratio of approximately 3.1% (30 June 2019: approximately 3.0%), which remained low as the Group had adequate bank balances and cash after the Listing.

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 2020. 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 2020, the Group pledged its bank deposits to a bank of approximately HK\$15.9 million (30 June 2019: approximately HK\$64.5 million) as collateral to secure bank facilities granted to the Group.

As at 30 June 2020, the Group pledged its deposits paid for a life insurance policy with an aggregate net book value of approximately HK\$9.3 million (30 June 2019: approximately HK\$9.2 million) as collateral to secure bank facilities granted to the Group. Also, the performance bonds granted by the banks are secured by the project proceeds from certain construction contracts of 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 year ended 30 June 2020, 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 2020, 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 2020.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office premises. The Group's operating lease commitments amounted to approximately HK\$nil as at 30 June 2020 (30 June 2019: approximately HK\$2.3 million). As at 30 June 2020, the Group did not have any capital commitment (30 June 2019: 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 other plans for material investments or capital assets as of 30 June 2020.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 8 August 2019, a wholly owned subsidiary of the Company, King Victory Investment Limited ("KV") has entered into the joint venture agreement with an independent third party, More Wealth Development Limited ("MW") to form a new joint venture company, Big Bull Financial Services Company Limited ("JV Company"), to jointly carry out the business of the development and gardening of the land being owned by MW in Sai Kung, New Territories, Hong Kong, and operation of leisure paradise. Pursuant to which, the issued share capital of the JV Company will be owned as to 65% by KV and 35% by MW, respectively. The JV Company will be accounted as a subsidiary of the Group.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any performance guarantee given by banks in favour of the Group's customers (30 June 2019: HK\$13.0 million) as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers for construction work. The Group has contingent liabilities to indemnify the banks for any claims from customers under the guarantee due to the failure of the Group's performance. The performance guarantee will be released upon completion of the contract works.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2020, the Group employed a total of 53 employees (30 June 2019: 62 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$25.6 million for the year ended 30 June 2020 (30 June 2019: approximately HK\$95.9 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 2020.

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 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 30 June 2020.

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 2020, 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 required standard of dealings set out in the Code of Conduct during the year ended 30 June 2020.

SHARE OPTION SCHEME

The shareholders of the Company approved and adopted the Share Option Scheme by way of written resolutions on 9 March 2016. 36,100,000 share options were outstanding as at 30 June 2019. No share options were exercised, 16,100,000 share options were granted and 3,000,000 share options were cancelled/lapsed during the year ended 30 June 2020. 49,200,000 share options were outstanding as at 30 June 2020.

Details of the movements of share options granted, exercised or cancelled/lapsed during the period and outstanding as at 30 June 2020 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 2019	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding at 30 June 2020
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	1 January 2021 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	4 March 2020 to 3 March 2023	–	7,900,000	–	–	7,900,000
Mr. Woo See Shing (resigned on 31 March 2020)	3 December 2018	0.307	0.300	3 December 2018 to 2 December 2023	3,000,000	–	–	3,000,000	–
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	1 January 2021 to 3 March 2023	–	300,000	–	–	300,000
Total					<u>36,100,000</u>	<u>16,100,000</u>	<u>–</u>	<u>3,000,000</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 2020 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 Tuesday, 3 November 2020, 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 2020 (30 June 2019: HK\$2.5 cents per share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 29 October 2020 to Tuesday, 3 November 2020, 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 Wednesday, 28 October 2020.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 30 June 2020 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, 23 September 2020

As at the date of this announcement, the executive Directors are Mr. Kwok Tung Keung and Mr. Ko Chun Hay Kelvin; 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 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.