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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 2021**

**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 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 2021 (the “**Relevant Period**”), together with the unaudited comparative figures for the corresponding period in 2020 as follows:

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

For the three months ended 30 September 2021

| | | Three months ended 30 September | |
|-------------------------------------------------------------------------------|-------|------------------------------------|-------------------------|
| | | 2021 | 2020 |
| | Notes | HK\$'000 (Unaudited) | HK\$'000 (Unaudited) |
| Revenue | 3 | 27,204 | 37,949 |
| Cost of sales | | <u>(24,683)</u> | <u>(35,073)</u> |
| Gross Profit | | 2,521 | 2,876 |
| Other income | | 76 | 1,268 |
| Administrative expenses | | (5,278) | (5,198) |
| Finance costs | | <u>(22)</u> | <u>(30)</u> |
| (Loss) before tax | | (2,703) | (1,084) |
| Income tax expense | 4 | <u>–</u> | <u>(202)</u> |
| (Loss) and total comprehensive expense for the period | | <u>(2,703)</u> | <u>(1,286)</u> |
| (Loss) and total comprehensive expense for the period attributable to: | | | |
| Owners of the Company | | (2,703) | (1,285) |
| Non-controlling interests | | <u>–</u> | <u>(1)</u> |
| | | <u>(2,703)</u> | <u>(1,286)</u> |
| (Loss) per share | | | |
| Basic and diluted (<i>HK cents</i>) | 6 | <u><u>(0.34)</u></u> | <u><u>(0.16)</u></u> |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 September 2021

| | Attributable to owners of the Company | | | | | Non-controlling interests | Total |
|-----------------------------------------------------|---------------------------------------|----------------------|----------------------|-----------------------|----------------------|---------------------------|-----------------------|
| | Share capital | Share premium | Capital contribution | Share options reserve | Retained profits | | |
| | HK\$'000 | HK\$'000 | HK\$'000 (note) | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 July 2021 (audited) | <u>8,000</u> | <u>40,903</u> | <u>11,572</u> | <u>5,557</u> | <u>63,577</u> | <u>–</u> | <u>129,609</u> |
| Loss and total comprehensive expense for the period | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>(2,703)</u> | <u>–</u> | <u>(2,703)</u> |
| At 30 September 2021 (unaudited) | <u><u>8,000</u></u> | <u><u>40,903</u></u> | <u><u>11,572</u></u> | <u><u>5,557</u></u> | <u><u>60,874</u></u> | <u><u>–</u></u> | <u><u>126,906</u></u> |
| At 1 July 2020 (audited) | 8,000 | 40,903 | 11,572 | 4,985 | 86,051 | 8,075 | 159,586 |
| Loss and total comprehensive expense for the period | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>(1,285)</u> | <u>(1)</u> | <u>(1,286)</u> |
| At 30 September 2020 (unaudited) | <u><u>8,000</u></u> | <u><u>40,903</u></u> | <u><u>11,572</u></u> | <u><u>4,985</u></u> | <u><u>84,766</u></u> | <u><u>8,074</u></u> | <u><u>158,300</u></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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 September 2021

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 were listed on the 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 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 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.

During the Relevant 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 Relevant 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 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2021.

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 Relevant 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 has only one operating segment during the Relevant Period and the corresponding period in 2020.

| | Three months ended 30 September | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------|
| | 2021 | 2020 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| General building works – provision of construction works for residential buildings, commercial buildings, industrial buildings and general superstructure erection, and include erection of architectural superstructures, renovation, fitting out, alteration and addition works and other related works | <u>27,204</u> | <u>37,949</u> |

4. INCOME TAX EXPENSE

| | Three months ended 30 September | |
|-----------------------|------------------------------------|-------------|
| | 2021 | 2020 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Hong Kong profits tax | <u>–</u> | <u>202</u> |

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

5. DIVIDEND

The Board did not recommend the payment of an interim dividend for the Relevant Period (Three months ended 30 September 2020: Nil).

6. LOSS PER SHARE

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

| | Three months ended | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| | 30 September | |
| | 2021 | 2020 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Loss: | | |
| (Loss) for the purpose of calculating basic loss per share (loss and total comprehensive expense for the period attributable to owners of the Company) | <u>(2,703)</u> | <u>(1,285)</u> |
| Number of Shares: | | |
| Weighted average number of ordinary shares for the purpose of calculating basic loss per share | <u>800,000,000</u> | <u>800,000,000</u> |

No diluted loss 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 decreased from approximately HK\$37.9 million for the three months ended 30 September 2020 to approximately HK\$27.2 million for the Relevant Period, representing a decrease of approximately 28.2%. Such decrease was partly due to the COVID-19 pandemic worldwide, causing the delay of committed projects and partly due to a drop of construction orders being taken up during the Relevant Period.

Cost of Sales

The Group's cost of sales decreased from approximately HK\$35.1 million for the three months ended 30 September 2020 to approximately HK\$24.7 million for the Relevant Period, representing a decrease of approximately 29.6%. Such decrease was partly due to the delay of committed projects and partly due to a drop of construction orders being taken up during the Relevant Period.

Gross Profit

Gross profit of the Group decreased by approximately 13.8% from approximately HK\$2.9 million for the three months ended 30 September 2020 to approximately HK\$2.5 million for the Relevant Period. Such decrease was partly due to the COVID-19 pandemic worldwide, causing a drop of construction orders being taken up and the relatively lower gross profit margin of those projects during the Relevant Period.

Other Income

The Group's other income amounted to approximately HK\$0.8 million for the Relevant Period (Three months ended 30 September 2020: HK\$1.3 million). Such significant decrease was mainly due to the one time-limited financial support from the Employment Support Scheme under the Anti-epidemic Fund launched by The Government of the Hong Kong Special Administrative Region for the three months ended 30 September 2020.

Administrative Expenses

Administrative expenses of the Group increased by approximately 1.9% from approximately HK\$5.2 million for the three months ended 30 September 2020 to approximately HK\$5.3 million for the Relevant Period. The increase was mainly due to the exchange gain of foreign currency of about HK\$0.8 million for the three months ended 30 September 2020.

Income Tax Expense

No income tax expense incurred by the Group during the Relevant Period (30 September 2020: HK\$0.2 million).

Loss and Total Comprehensive Expense for the Period Attributable to the Owners of the Company

Loss and total comprehensive expense for the period attributable to the owners of the Company increased by approximately 1.1 times from a loss of approximately HK\$1.3 million for the three months ended 30 September 2020 to a loss of approximately HK\$2.7 million for the Relevant Period. Such increase was attributable to the decrease in gross profit as discussed in above.

BUSINESS REVIEW AND OUTLOOK

During the Relevant Period, the Group has maintained its participation in the industry by submitting 20 tenders for construction projects in the market. It ran about 16 construction projects which have been substantially completed in previous years, and 1 new project have been started during the Relevant Period. Due to COVID-19 pandemic, a few committed projects have been delayed and consequently affecting the financial performance of the Group during the period.

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

Looking forward, the Directors consider that the future business opportunities which the group faced will be affected by the competition in the construction market together with performance of the property market in Hong Kong. The sudden lockdown in China due to COVID-19 in the past 2 years, has fueled uncertainties in Hong Kong property market. With the new ideas of Hong Kong Chief Executive to proactively develop north of Hong Kong, we hope that construction projects supply will be increased in the market and we will catch this opportunities to actively participate the expected new projects in this area. To maintain the Group policy and be prudence, we will continue to submit tenders with reasonable profit margins to avoid any operational risk in running of each projects, in turn to avoid the risk exposure to the Group.

On the other hand, the Group will try to diversify its businesses and looks for profits in other business areas for the benefits of the shareholders as a whole. The Group has involved in the developer role of a project Lin Tong Mei instead of merely taking up a property construction project. On 8 September 2021, a wholly-owned subsidiary of the Group has set up a joint venture company with two experienced construction companies in Sichuan, China, targeting to compete government construction projects in China. The Directors will balance the risk and return in assessing all those projects before accepting those confirmed projects. With its extensive operation experience in the property construction market and its healthy financial position, the Directors are full of confidence to lead the Group into its new realm. We will continue to explore new business and investment opportunities that may generate return to the shareholders of the Group through acquisitions or strategic cooperation with partners in different field of businesses, so as to strengthen the Group's profitability in long run.

DISCLOSURE OF INTERESTS

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

As at 30 September 2021, 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 | – | 23,700,000 | 2.96% |
| Mr. Ko Chun Hay Kelvin | Beneficial Owner | 149,500,000 | – | 18.69% |
| | Beneficial Owner | – | 23,700,000 | 2.96% |

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 2021, 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 2021, 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% |

Save as disclosed above, as at 30 September 2021, 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, the controlling shareholders of the Company, and 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

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 Relevant Period, the Company has complied with the 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. 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 dividend for the Relevant Period (Three months ended 30 September 2020: 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. 49,200,000 share options were outstanding as at 30 September 2021.

Details of the movements of share options granted, exercised or cancelled/lapsed during the period and outstanding as at 30 September 2021 are as follows:

| Grantee | Date of grant of share options | Exercise price of share options HK\$ | Closing price immediately before date of grant HK\$ | Exercise period (both dates inclusive) | At 1 July 2021 | Granted during the period | Exercised during the period | Cancelled/ lapsed during the period | Outstanding at 30 September 2021 |
|------------------------|--------------------------------|-----------------------------------------|--------------------------------------------------------|----------------------------------------|-------------------|---------------------------|-----------------------------|-------------------------------------|----------------------------------|
| 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 | 1 January 2021 to 3 March 2023 | 7,900,000 | – | – | – | 7,900,000 |
| Other employee | 29 November 2017 | 0.371 | 0.385 | 29 November 2017 to 28 November 2022 | 500,000 | – | – | – | 500,000 |
| | 3 December 2018 | 0.307 | 0.300 | 3 December 2018 to 2 December 2023 | 1,000,000 | – | – | – | 1,000,000 |
| | 3 March 2020 | 0.245 | 0.245 | 1 January 2021 to 3 March 2023 | 300,000 | – | – | – | 300,000 |
| Total | | | | | <u>49,200,000</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>49,200,000</u> |

AUDIT COMMITTEE

The 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. 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 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
Ko Chun Hay Kelvin
Chief Executive Officer

Hong Kong, 12 November 2021

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.