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Super Strong Holdings Limited

宏強控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8262)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016**

**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 (collectively refer to as the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

INTERIM RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries for the six months ended 31 December 2016 (the “**Relevant Period**”), together with the unaudited condensed comparative figures for the six months ended 31 December 2015 as follows:

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

For the six months ended 31 December 2016

		Three months ended		Six months ended	
		31 December		31 December	
		2016	2015	2016	2015
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	164,658	150,699	320,235	274,807
Direct costs		(158,786)	(141,679)	(304,956)	(256,391)
Gross profit		5,872	9,020	15,279	18,416
Other income	5	94	292	179	1,124
Net exchange loss		–	(758)	–	(758)
Administrative expenses		(5,323)	(4,099)	(11,655)	(8,769)
Listing expenses		–	(6,087)	–	(7,193)
Finance costs – interest expense on bank borrowings		(29)	(29)	(58)	(57)
Profit (loss) before taxation	4	614	(1,661)	3,745	2,763
Income tax expense	6	(358)	(896)	(1,169)	(1,643)
Profit (loss) and total comprehensive income (expense) for the period attributable to owners of the Company		256	(2,557)	2,576	1,120
Earnings (loss) per share					
Basic (<i>HK cents</i>)	8	0.03	(0.40)	0.32	0.18

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

		31 December 2016 <i>HK\$'000</i> (Unaudited)	30 June 2016 <i>HK\$'000</i> (Audited)
	Notes		
Non-current assets			
Plant and equipment	9	870	112
Deferred tax assets		112	112
Deposits and prepayments		8,741	8,824
		<u>9,723</u>	<u>9,048</u>
Current assets			
Trade receivables	10	54,717	64,471
Other receivables, deposits and prepayments		1,151	1,526
Amounts due from customers for contract work		59,069	64,772
Pledged bank balances		37,762	35,877
Bank balances and cash		120,915	101,989
		<u>273,614</u>	<u>268,635</u>
Current liabilities			
Trade payables	11	30,438	24,804
Other payables and accrued charges		86,953	83,046
Amounts due to customers for contract work		1,925	6,383
Tax payable		6,772	8,777
Bank borrowings	12	5,000	5,000
Provisions		1,724	1,724
		<u>132,812</u>	<u>129,734</u>
Net current assets		<u>140,802</u>	<u>138,901</u>
Net assets		<u>150,525</u>	<u>147,949</u>
Capital and reserves			
Share capital	13	8,000	8,000
Reserves		142,525	139,949
Equity attributable to owners of the Company		<u>150,525</u>	<u>147,949</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2016

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital contribution <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 July 2016 (audited)	8,000	40,903	11,572	87,474	147,949
Profit and total comprehensive income for the period	—	—	—	2,576	2,576
At 31 December 2016 (unaudited)	8,000	40,903	11,572	90,050	150,525
At 1 July 2015 (audited)	5,000	—	(2,591)	88,464	90,873
Dividends paid (<i>note 7</i>)	—	—	—	(5,000)	(5,000)
Reorganisation	(5,000)	—	5,000	—	—
Contribution from a shareholder	—	—	10,000	—	10,000
Profit and total comprehensive income for the period	—	—	—	1,120	1,120
Deemed distribution arising from issue of financial guarantee to a related company	—	—	(2,591)	—	(2,591)
Reversal of financial guarantee liability upon early termination of the guarantee	—	—	1,754	—	1,754
At 31 December 2015 (unaudited)	—	—	11,572	84,584	96,156

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2016

	Six months ended	
	31 December	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	<u>21,669</u>	<u>(1,377)</u>
Net cash (used in)/generated from investing activities	<u>(2,685)</u>	<u>5,535</u>
Net cash (used in)/generated from financing activities	<u>(58)</u>	<u>5,443</u>
Net increase in cash and cash equivalents	18,926	9,601
Cash and cash equivalents at beginning of the period	<u>101,989</u>	<u>28,547</u>
Cash and cash equivalents at end of the period, represented by bank balances and cash	<u><u>120,915</u></u>	<u><u>38,148</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2016

1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 22 September 2015 and its shares are listed on the GEM of the Stock Exchange on 30 March 2016. The 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.

Pursuant to the reorganisation of the Group (the “**Reorganisation**”) in connection with the listing of the shares of the Company (the “**Shares**”) on GEM (the “**Listing**”), the Company became the holding company of the companies comprising the Group on 17 March 2016. Details of the Reorganisation are set out in the prospectus of the Company dated 17 March 2016 (the “**Prospectus**”) under the section headed “History, Development and Reorganisation”.

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

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

2. BASIS OF PREPARATION

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

The Group resulting from the Reorganisation is regarded as a continuing entity. The unaudited condensed consolidated financial statements have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 “Merger accounting under common control combination” issued by the HKICPA. Accordingly, the financial information relating to the comparative figures for the three months ended and six months ended 31 December 2015, are presented as if the current group structure had been in existence and remained unchanged throughout that period, or since their respective dates of incorporation, where this is a shorter period. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements of the Group for the Relevant Period are consistent with those applied in the Group’s audited financial statements for the year ended 30 June 2016.

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

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

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

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

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the construction services provided by the Group to external customers. The Group’s operations is solely derived from construction services in Hong Kong for both periods. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the chief executive of the Group) reviews the overall results and financial position of the Group, which are prepared based on same accounting policies. Accordingly, the Group presents only one single operating segment and no further analysis is presented.

Geographical information

No geographical information is presented as the Group’s revenue are all derived from Hong Kong based on the location of services delivered and the Group’s plant and equipment amounting to approximately HK\$870,000 (30 June 2016: approximately HK\$112,000) as at 31 December 2016 are all physically located in Hong Kong.

Information about major customers

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

	For the three months ended 31 December		For the six months ended 31 December	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Customer A	85,527	19,815	145,540	33,223
Customer B	26,871	N/A*	55,325	N/A*
Customer C	18,122	N/A*	33,236	N/A*
Customer D	N/A*	49,948	N/A*	82,376
Customer E	–	25,219	–	51,539

* Less than 10% of the Group's total revenue

4. PROFIT (LOSS) BEFORE TAXATION

	For the three months ended 31 December		For the six months ended 31 December	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit (loss) before taxation has been arrived at after charging:				
Auditor's remuneration	225	50	450	100
Directors' remuneration	1,430	923	2,526	1,738
Other staff costs:				
Salaries and other benefits	7,039	5,338	14,152	11,692
Retirement benefits scheme contributions	270	202	532	425
Total staff costs	8,739	6,463	17,210	13,855
Lease payments under operating leases in respect of land and buildings	436	479	872	1,001

5. OTHER INCOME

	Three months ended		Six months ended	
	31 December		31 December	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Bank interest income	17	15	25	15
Interest income on payment for a life insurance policy	77	77	154	154
Financial guarantee income	–	174	–	897
Rental income	–	21	–	53
Others	–	5	–	5
	<u>94</u>	<u>292</u>	<u>179</u>	<u>1,124</u>

6. INCOME TAX EXPENSE

	Three months ended		Six months ended	
	31 December		31 December	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong Profits Tax – current tax	<u>358</u>	<u>896</u>	<u>1,169</u>	<u>1,643</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2016.

During the six months ended 31 December 2015 prior to the Reorganisation, a subsidiary of the group declared and paid dividends of HK\$5,000,000 to the then existing shareholder Mr. Kwok Tung Keung.

8. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share attributable to owners of the Company is based on the following data:

	Three months ended		Six months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings				
Earnings (loss) attributable to owners of the Company	<u>256</u>	<u>(2,557)</u>	<u>2,576</u>	<u>1,120</u>
	2016	2015	2016	2015
	'000	'000	'000	'000
Number of shares				
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) for share	<u>800,000</u>	<u>640,000</u>	<u>800,000</u>	<u>616,522</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share has been determined on the assumption that the Reorganisation and the Capitalisation Issue (as defined in the Prospectus) had been effective on 1 July 2015.

No diluted earnings (loss) per share is presented as there is no potential ordinary share outstanding during both periods.

9. PROPERTY, PLANT AND EQUIPMENT

During the Relevant Period, the Group acquired property, plant and equipment amounting to approximately HK\$825,000 (unaudited) (for the six months ended 31 December 2015: HK\$Nil (unaudited)).

10. TRADE RECEIVABLES

The Group grants credit terms of 30 to 60 days from the date of invoices on progress payments of contract works to its customers. An aged analysis of the trade receivables, presented based on the invoice date at the end of the reporting period, is as follows:

	31 December 2016 HK\$'000 (Unaudited)	30 June 2016 HK\$'000 (Audited)
0-30 days	44,442	51,110
31-60 days	397	753
61-90 days	–	2,990
91-180 days	–	3,011
Over 180 days	9,878	6,607
	<u>54,717</u>	<u>64,471</u>

11. TRADE PAYABLES

The credit period granted to the Group by suppliers and subcontractors is 30 to 60 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	31 December 2016 HK\$'000 (Unaudited)	30 June 2016 HK\$'000 (Audited)
Trade payables:		
0-30 days	23,889	22,029
31-60 days	5,342	1,460
Over 60 days	1,207	1,315
	<u>30,438</u>	<u>24,804</u>

12. BORROWINGS

	31 December 2016 HK\$'000 (Unaudited)	30 June 2016 HK\$'000 (Audited)
Revolving bank borrowings – repayable on demand	<u>5,000</u>	<u>5,000</u>

13. SHARE CAPITAL

The Company

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

	Number of shares	Amount HK\$'000 (Unaudited)
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 22 September 2015 (date of incorporation)	38,000,000	380
Increase on 9 March 2016	1,962,000,000	19,620
	<u>2,000,000,000</u>	<u>20,000</u>
At 30 June 2016 and 31 December 2016		
	<u>2,000,000,000</u>	<u>20,000</u>
<i>Issued and fully paid:</i>		
At 22 September 2015 (date of incorporation)	1	–
Issue of new shares on Reorganisation	399	–
Capitalisation Issue	639,999,600	6,400
Issue of new shares upon Listing	160,000,000	1,600
	<u>800,000,000</u>	<u>8,000</u>
At 30 June 2016 and 31 December 2016		
	<u>800,000,000</u>	<u>8,000</u>

14. COMMITMENTS

As at 31 December 2016, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	31 December 2016 HK\$'000 (Unaudited)	30 June 2016 HK\$'000 (Audited)
Within 1 year	1,494	1,700
Later than 1 year and no later than 5 years	586	1,084
	<u>2,080</u>	<u>2,784</u>

Leases and rentals are negotiated and fixed for a term of one to two years with a renewal option for a further one to two years from the end of the leases but without a predetermined rental (the “**Option Period**”). The Group has no operating lease commitment with regards to the lease payments during the Option Period.

15. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group had the following transactions with a related party:

	Three months ended 31 December		Six months ended 31 December	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Rental income from Good Rise Engineering Limited ("Good Rise")	<u>-</u>	<u>21</u>	<u>-</u>	<u>53</u>
Subcontracting fee paid to Good Rise	<u>-</u>	<u>8</u>	<u>-</u>	<u>33</u>

The above transactions for the six months ended 31 December 2015 with Good Rise include only those up to the date on 17 November 2015.

In addition, for the six months ended 31 December 2015, the Group provided corporate guarantee to a bank for general banking facilities granted to a related company. The said corporate guarantee was released on 23 October 2015.

Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 31 December 2016 and 2015 are as follows:

	Three months ended 31 December		Six months ended 31 December	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short-term benefits	1,415	914	2,500	1,720
Post-employment benefits	<u>15</u>	<u>9</u>	<u>26</u>	<u>18</u>
	<u>1,430</u>	<u>923</u>	<u>2,526</u>	<u>1,738</u>

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 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.

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 is confident to the future of the Group 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) establishing 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.

Although the Group is well-positioned to compete against its competitors, market competition is particularly keen in the past six months. The Group has taken up some new projects with relatively lower margin. Looking forward, based on the long-term relationship with customers and our Group's creditability in the market, we are confident that we could undertake some more new projects with better margins. At this stage, we are not aware of any critical impact to our Group in relation to this issue. Bearing in mind the associated risk and in consideration to maximize the returns to shareholders, the Directors may also consider other investment opportunities to broaden the base of return of the Group, although there is no fixed plan at this stage.

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately HK\$274.8 million for the six months ended 31 December 2015 to approximately HK\$320.2 million for the six months ended 31 December 2016, representing an increase of approximately 16.5%.

Direct Cost

Our direct costs increased from approximately HK\$256.4 million for the six months ended 31 December 2015 to approximately HK\$305.0 million for the six months ended 31 December 2016, representing an increase of approximately 19.0%. Such increase was in line with the increase in revenue during the six months ended 31 December 2016.

Gross Profit

Gross profit of the Group decreased by approximately 16.8% from approximately HK\$18.4 million for the six months ended 31 December 2015 to approximately HK\$15.3 million for the six months ended 31 December 2016. The overall gross profit margin decreased from approximately 6.7% for the six months ended 31 December 2015 to approximately 4.8% for the six months ended 31 December 2016. Such decrease was mainly attributable to decrease of gross profit margin of new projects during the six months ended 31 December 2016, as a result of keen market competition.

Administrative Expenses

Administrative expenses of the Group increased by approximately 33.0% from approximately HK\$8.8 million for the six months ended 31 December 2015 to approximately HK\$11.7 million for the six months ended 31 December 2016. The increase was mainly attributable to the increase in staff costs and professional fees incurred after the Listing during the six months ended 31 December 2016.

Income Tax Expense

Income tax expense of the Group decreased by approximately 25.0% from approximately HK\$1.6 million for the six months ended 31 December 2015 to approximately HK\$1.2 million for the six months ended 31 December 2016. The decrease was mainly due to the decrease of gross profit for the six months ended 31 December 2016.

Profit and Total Comprehensive Income for the six months ended 31 December 2016 attributable to owners of the Company

Profit and total comprehensive income for the period attributable to owners of the Company increased by approximately 1.4 times from approximately HK\$1.1 million for the six months ended 31 December 2015 to approximately HK\$2.6 million for the six months ended 31 December 2016. Such increase was primarily attributable to the net effect of (i) the one-off listing expenses being recorded for the six months ended 31 December 2015; (ii) the increase of administrative expenses incurred by the Group for the six months ended 31 December 2016; and (iii) the decrease in gross profit for the six months ended 31 December 2016. Excluding the one-off Listing expenses of approximately HK\$7.2 million, profit and total comprehensive income for the six months ended 31 December 2015 would reach approximately HK\$8.3 million. In other words, it represents a decrease of profit and total comprehensive income for the six months ended 31 December 2016 of 68.7% compared to the six months ended 31 December 2015.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a sound financial position during the six months ended 31 December 2016. As at 31 December 2016, the Group had bank balances and cash of approximately HK\$120.9 million (30 June 2016: approximately HK\$102.0 million) and pledged bank balances of approximately HK\$37.8 million (30 June 2016: approximately HK\$35.9 million). The total interest-bearing borrowings of the Group as at 31 December 2016 was approximately HK\$5.0 million (30 June 2016: approximately HK\$5.0 million), and the current ratio as at 31 December 2016 was approximately 2.1 times (30 June 2016: approximately 2.1 times).

As at 31 December 2016, the Group had total assets of approximately HK\$283.3 million (30 June 2016: approximately HK\$277.7 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$132.8 million (30 June 2016: approximately HK\$129.7 million) and approximately HK\$150.5 million (30 June 2016: approximately HK\$147.9 million), respectively.

GEARING RATIO

The gearing ratio is calculated based on the total loans and borrowings (interest-bearing bank borrowings and bank overdrafts) divided by total equity as at the respective reporting date. As at 31 December 2016, the Group recorded gearing ratio of approximately 3.3% (30 June 2016: approximately 3.4%), 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 six months ended 31 December 2016. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

PLEDGE OF ASSETS

As at 31 December 2016, the Group pledged its bank deposits to a bank of approximately HK\$37.8 million (30 June 2016: approximately HK\$35.9 million) as collateral to secure bank facilities granted to the Group.

As at 31 December 2016, the Group pledged its deposits paid for a life insurance policy with an aggregate net book value of approximately HK\$8.7 million (30 June 2016: approximately HK\$8.6 million) as collateral to secure bank facilities granted to the Group.

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

FOREIGN EXCHANGE EXPOSURE

All of the revenue-generating operations and borrowings of the Group were transacted in Hong Kong Dollars which is the functional currency of all the group entities. For the six months ended 31 December 2016, 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

The shares of the Company were successfully listed on the GEM of the Stock Exchange on 30 March 2016. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 December 2016, 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.

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\$2.1 million as at 31 December 2016 (30 June 2016: approximately HK\$2.8 million). As at 31 December 2016, the Group did not have any capital commitment (30 June 2016: Nil).

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed on note 3 to the unaudited condensed consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have any plan for material investments or capital assets as at 31 December 2016.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 31 December 2016, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures saved for those related to the Reorganisation (as defined under note 2 to the unaudited condensed consolidated financial statements).

CONTINGENT LIABILITIES

As at 31 December 2016, performance guarantee of approximately HK\$52.9 million (30 June 2016: approximately HK\$30.9 million) were given by banks in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers. 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. The performance guarantees were granted under the banking facilities of the Group. At the end of both reporting periods, the directors of the Company do not consider it is probable that a claim will be made against the Group. Save as the above, the Group had no material contingent liabilities (30 June 2016: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2016, the Group employed a total of 88 employees (30 June 2016: 86 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$17.2 million for the six months ended 31 December 2016 (2015: approximately HK\$13.9 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 six months ended 31 December 2016.

COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date to 31 December 2016 is set out below:

Business objective as stated in the Prospectus	Business strategy up to 31 December as stated in the Prospectus	Actual business progress up to 31 December 2016
Enhance our participation in undertaking construction works from both the private sector and the public sector	To undertake more general building works and specialised building works in Hong Kong, with HK\$5.5 million reserved for satisfying potential customers' requirement for performance bonds	A deposit of HK\$5.5 million was reserved for satisfying potential customers' requirement for performance bond for a new project located at Shun Ning Road in Hong Kong
Further strengthening the Group's manpower	To hire and employ a site foreman, a quantity surveyor or a senior accounting manager. To sponsor our staff to attend technical seminars and necessary training	The Group has employed a site foreman, an assistant quantity surveyor, a senior quantity surveyor and a senior accounting manager and sponsored staff to attend seminars and training courses as demand fit
Improvement of computer equipment, system and software	To purchase and upgrade the computer equipment, system and software	The group have purchased computers and upgraded accounting system
Establishing an integrated management system for environmental management and occupational health and safety management	To apply for the ISO 14000:2004 and OHSAS 18001:2007 certifications	The Group has successfully obtained these certifications

USE OF PROCEEDS

The net proceeds from the Listing, after deducting listing related expenses, were approximately HK\$38.0 million. After the Listing, a part of these proceeds have been applied for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus.

An analysis of the utilisation of the net proceeds from the Listing and the unused amount as at 31 December 2016 is set out below:

	Planned use of net proceeds as stated in the Prospectus up to 31 December 2016 <i>HK\$'000</i>	Actual use of net proceeds up to 31 December 2016 <i>HK\$'000</i>
Business strategy as stated in the Prospectus		
Enhance our participation in undertaking construction works from both the private and public sector	5,500	5,500
Further strengthening our manpower	700	700
Improvement of computer equipment, system and software	500	115
Establishing an integrated management system for environmental management and occupational health and safety management	<u>500</u>	<u>102</u>

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

DISCLOSURE OF INTERESTS

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

As at 31 December 2016, 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	Percentage of shareholding
Mr. Kwok Tung Keung (“Mr. Kwok”)	Interest in controlled corporation (Note 1)	400,000,000	50%
Mr. Lee Kin Kee (“Mr. Lee”)	Interest in controlled corporation (Note 2)	160,000,000	20%
Mr. Ko Chun Hay Kelvin	Beneficial Owner	39,500,000	4.94%

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.
2. Mr. Lee beneficially owns 100% of the issued share capital of Neo Paramount Limited (“**Neo Paramount**”). By virtue of the SFO, Mr. Lee is deemed to be interested in the same number of the Shares held by Neo Paramount.

(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%
Mr. Lee	Neo Paramount	Beneficial owner	50,000	100%

Save as disclosed above, as at 31 December 2016, none of the Directors nor chief executive of the Company has registered an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

So far as the Directors are aware, as at 31 December 2016, 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 (<i>Note</i>)	Beneficial owner	400,000,000	Long	50%
Neo Paramount (<i>Note</i>)	Beneficial owner	160,000,000	Long	20%

Note: These Shares are in duplicate the interest held by Mr. Kwok and Mr. Lee as set out above.

Save as disclosed above, as at 31 December 2016, the Directors were not aware of any other persons or companies who had any interest or short position in the Shares or underlying Shares of the Company that was required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the six months ended 31 December 2016.

INTEREST OF COMPLIANCE ADVISER

As at 31 December 2016, as notified by the Company's compliance adviser, Titan Financial Services Limited (the **"Compliance Adviser"**), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated on 16 December 2015, neither the Compliance Adviser nor any of its directors, employees or close associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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

During the six months ended 31 December 2016, 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 six months ended 31 December 2016, the Company has 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, except for the deviation from CG Code provision A.2.1.

CG Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Kwok is the chairman and the chief executive officer of our Company. In view of Mr. Kwok has been operating and managing WM Construction and WM Foundation since 1999 and 2006 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. The Board considers 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. 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 six months ended 31 December 2016.

DIVIDEND

The Board does not recommend the payment of on interim dividend for the six months ended 31 December 2016.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 9 March 2016 (the “**Scheme**”). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 31 December 2016.

AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”) on 9 March 2016 with its written terms of reference in compliance with 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. Li Kar Fai Peter, Mr. So Chi Wai and Ms. Wong Shuk Fong, all being independent non-executive Directors of the Company. Mr. Li Kar Fai Peter currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed this announcement and the unaudited condensed consolidated results of the Group for the six months ended 31 December 2016 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, 10 February 2017

As at the date of this announcement, the executive Directors are Mr. Kwok Tung Keung, Mr. Chan Siu Kay Francis, Mr. Lee Kin Kee and Mr. Ko Chun Hay Kelvin and the independent non-executive Directors are Mr. Li Kar Fai Peter, Mr. So Chi Wai 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.