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 2017

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.*

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 for the year ended 30 June 2017, together with the audited comparative figures for the year ended 30 June 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

		2017	2016
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**651,426**	560,280
Direct costs		**(622,124)**	(521,225)
Gross profit		**29,302**	39,055
Other income		**327**	1,275
Other gains and losses		**(180)**	(758)
Administrative expenses		**(22,245)**	(18,817)
Listing expenses		**–**	(10,935)
Finance costs – interest expense on bank borrowings		**(119)**	(122)
Profit before taxation	*5*	**7,085**	9,698
Income tax expense	*6*	**(1,180)**	(3,688)
Profit and total comprehensive income for the year attributable to owners of the Company		**5,905**	6,010
Earnings per share	*8*		
Basic *(HK cents)*		**0.74**	0.90

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Plant and equipment		**726**	112
Deferred tax assets		**23**	112
Deposits and prepayments		**8,834**	8,824
		9,583	9,048
Current assets			
Trade receivables	*9*	**48,153**	64,471
Other receivables, deposits and prepayments		**1,973**	1,526
Amounts due from customers for contract work		**95,501**	64,772
Pledged bank balances		**77,736**	35,877
Bank balances and cash		**71,755**	101,989
		295,118	268,635
Current liabilities			
Trade payables	*10*	**28,095**	24,804
Other payables and accrued charges		**110,002**	83,046
Amounts due to customers for contract work		**996**	6,383
Tax payable		**4,985**	8,777
Bank borrowings		**5,000**	5,000
Provisions		**1,769**	1,724
		150,847	129,734
Net current assets		**144,271**	138,901
Net assets		**153,854**	147,949
Capital and reserves			
Share capital	*11*	**8,000**	8,000
Reserves		**145,854**	139,949
Equity attributable to owners of the Company		**153,854**	147,949

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Share capital *HK$'000*	Share premium *HK$'000*	Capital contribution *HK$'000*	Accumulated profits *HK$'000*	Total *HK$'000*
At 1 July 2015	5,000	–	(2,591)	88,464	90,873
Profit and total comprehensive income for the year	–	–	–	6,010	6,010
Dividends paid *(note 7)*	–	–	–	(7,000)	(7,000)
Reorganisation *(note i below)*	(5,000)	–	5,000	–	–
Contribution from a shareholder *(note 2(i))*	–	–	10,000	–	10,000
Issue of shares upon placing *(note 11)*	1,600	51,200	–	–	52,800
Transaction costs directly attributable to issue of shares	–	(3,897)	–	–	(3,897)
Capitalisation Issue *(note 11)*	6,400	(6,400)	–	–	–
Deemed distribution arising from issue of financial guarantee to a related company *(note ii below)*	–	–	(2,591)	–	(2,591)
Reversal of financial guarantee liability upon early termination of the guarantee	–	–	1,754	–	1,754
At 30 June 2016	**8,000**	**40,903**	**11,572**	**87,474**	**147,949**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**5,905**	**5,905**
At 30 June 2017	**8,000**	**40,903**	**11,572**	**93,379**	**153,854**

Notes:

(i) The amount represents the excess of the combined share capital of the operating subsidiaries over the shares issued by the Company pursuant to the group reorganisation as detailed in note 2.

(ii) The amount represents the fair value of a financial guarantee issued by a subsidiary of the Company to a company related to Mr. Kwok Tung Keung ("**Mr. Kwok**") for banking facilities granted to the subsidiary and the related company jointly before the Reorganisation (as defined in note 2). The guarantee was released on 23 October 2015 upon early termination of the banking facilities.

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 Growth Enterprise Market ("**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, Ugland 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 Group's principal activities are the provision of property construction services in Hong Kong.

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

2. GROUP REORGANISATION AND BASIS OF PRESENTATION

Before the completion of the reorganisation as mentioned below (the "**Reorganisation**"), W.M. Construction Limited ("**WM Construction**"), W.M. Engineering Company Limited ("**WM Engineering**") and W.M. Foundation Company Limited ("**WM Foundation**"), the operating subsidiaries, were wholly-owned by Mr. Kwok, the director and controlling shareholder of the Company.

In preparation of the listing of the Company's shares on the GEM of the Stock Exchange (the "**Listing**"), the companies comprising the Group underwent the reorganisation as described below.

(i) Best Brain Investments Limited ("**Best Brain**") was incorporated on 6 July 2015 as a limited liability company, with an authorised share capital of United States Dollar ("**US$**") 50,000 divided into 50,000 shares of US$1 each. On 28 July 2015, 7,500 shares were allotted and issued to Mr. Kwok at par. On the same date, Best Brain issued 2,500 shares to an independent third party ("**Pre-IPO Investor**") at a subscription price of HK$10,000,000 pursuant to the subscription agreement and the subscription price was contributed to the Group.

(ii) Focus Achieve Limited ("**Focus Achieve**") was incorporated as a limited liability company, with an authorised share capital of US$50,000 divided into 50,000 shares of US$1 each. 100 shares were allotted and issued to Best Brain at par on 28 July 2015. On the same date, Mr. Kwok transferred his entire shareholding in WM Foundation to Focus Achieve for HK$1.

(iii) Well Joint Limited ("**Well Joint**") was incorporated as a limited liability company, with an authorised share capital of US$50,000 divided into 50,000 shares of US$1 each. 100 shares were allotted and issued to Best Brain at par on 28 July 2015. On the same date, Mr. Kwok transferred his entire shareholding in WM Engineering to Well Joint for HK$1.

(iv) Focus Wealth Investments Limited ("**Focus Wealth**") was incorporated as a limited liability company, with an authorised share capital of US$50,000 divided into 50,000 shares of US$1 each. 100 shares were allotted and issued to Best Brain at par on 28 July 2015. On the same date, Mr. Kwok transferred his entire shareholding in WM Construction to Focus Wealth for HK$1.

(v) The Company was incorporated with limited liability on 22 September 2015 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. 1 share was allotted and issued to Best Brain on the same date.

(vi) On 14 December 2015, Best Brain transferred its entire equity interest in Focus Archive, Focus Wealth and Well Joint to the Company at an aggregate consideration of US$300.

(vii) On 17 December 2015, 399 additional shares of the Company were allotted and issued to Best Brain.

(viii) On 18 December 2015, Best Brain swapped 100 shares of the Company with the Pre-IPO Investor for the 2,500 shares of Best Brain held by the Pre-IPO Investor. As a result, Best Brain and the Pre-IPO Investor held 300 shares and 100 shares of the Company, representing 75% and 25% of the then issued share capital of the Company respectively.

(ix) On 9 March 2016, the authorised share capital of the Company was increased from HK$380,000 to HK$20,000,000 by the creation of 1,962,000,000 shares of HK$0.01 each.

Pursuant to the Reorganisation detailed above, the Company has become the holding company of the companies now comprising the Group and WM Construction, WM Engineering and WM Foundation are controlled by Mr. Kwok before and after the Reorganisation. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity, and accordingly, the consolidated financial statements have been prepared as if the Company had always been the holding company of the Group.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year ended 30 June 2016 were prepared to present the results and cash flows of the companies now comprising the Group, as if the current group structure had been in existence since 1 July 2015.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to Hong Kong Accounting Standard ("HKAS") 1 "Disclosure initiative"

The Group has applied the amendments to HKAS 1 "Disclosure initiative" for the first time in the current year. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the basis of aggregating and disaggregating information. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

As regards to the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The Group has applied these amendments retrospectively. Hence, the grouping and ordering of certain notes has been revised to give prominence to the areas of the Group's activities that management considers to be most relevant to an understanding of the Group's financial performance and financial position. Specifically, information about capital risk management and financial instruments was recorded. Other than the above presentation changes, the application of the amendments to HKAS 1 has not resulted in any impact on the financial performance or financial position of the Group in these financial statements.

New and amendments to HKFRSs and interpretations in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretations that have been issued but are not yet effective:

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers and the related amendments[2]
HKFRS 16	Leases[3]
Amendments to HKAS 7	Disclosure initiative[1]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[1]
Amendments to HKAS 40	Transfers of investment property[2]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[5]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 – 2016 cycle[4]
HK(IFRIC) – Int 22	Foreign currency transactions and advance consideration[2]
HK(IFRIC) – Int 23	Uncertainty over income tax treatments[3]

[1] *Effective for annual periods beginning on or after 1 January 2017.*

[2] *Effective for annual periods beginning on or after 1 January 2018.*

[3] *Effective for annual periods beginning on or after 1 January 2019.*

[4] *Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.*

[5] *Effective for annual periods beginning on or after a date to be determined.*

HKFRS 9 "Financial instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are related to the impairment of financial assets. HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial instruments: Recognition and measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's consolidated financial instruments and risk management polices as at 30 June 2017, application of HKFRS 9 in the future may have material impact on the measurement of the Group's financial assets. The expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

HKFRS 15 "Revenue from contracts with customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

Having considered those construction service contracts with customers entered into by the Group during the year ended 30 June 2017, the directors of the Company anticipate that the application of HKFRS 15 in the future may not have material impact on the amounts reported.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lease accounting, and is replaced by a single model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Furthermore, extensive disclosures are required by HKFRS 16.

At 30 June 2017, the Group, as lessee, has non-cancellable operating lease commitments of HK$1,203,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

Amendments to HKAS 7 "Disclosure initiative"

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including changes arising from cash flows and non-cash changes. Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 July 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

Except as disclosed above, the directors of the Company anticipate that the application of the other new and amendments to HKFRSs and interpretations in issue but not yet effective will have no material impact on the consolidated financial statements.

4. 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 years. 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 HK$726,000 (2016: HK$112,000) as at 30 June 2017 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 year is as follows:

	2017	2016
	HK$'000	*HK$'000*
Customer A	**95,243**	57,397
Customer B	**N/A***	141,213
Customer C	**N/A***	56,374
Customer D	**270,526**	105,147
Customer E	**N/A***	57,977
Customer F	**102,533**	N/A*

* *The corresponding revenue did not contribute over 10% of the total revenue of the Group.*

5. PROFIT BEFORE TAXATION

	2017	2016
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	**850**	900
Depreciation of plant and equipment	**211**	74
Directors' remuneration	**4,808**	4,023
Other staff costs:		
Salaries and other benefits	**28,701**	26,091
Retirement benefits schemes contributions	**1,036**	894
Total staff costs	**34,545**	31,008
Lease payments under operating leases in respect of land and buildings	**1,764**	1,772

6. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Hong Kong Profits Tax	**1,091**	3,688
Deferred taxation	**89**	–
	1,180	3,688

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

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:

	2017	2016
	HK$'000	*HK$'000*
Profit before taxation	**7,085**	9,698
Tax at the domestic income tax rate of 16.5% (2016: 16.5%)	**1,169**	1,600
Tax effect of expenses not deductible for tax purpose	**81**	2,297
Tax effect of income not taxable for tax purpose	**(54)**	(202)
Others	**(16)**	(7)
Income tax expense	**1,180**	3,688

7. DIVIDENDS

During the year ended 30 June 2016 and prior to the Reorganisation, WM Construction declared and paid dividends of HK$5,000,000 to the then existing shareholder, Mr. Kwok.

In addition, during the year ended 30 June 2016 and after the Reorganisation, the Company declared and paid dividends of HK$2,000,000 to its then existing shareholder.

No dividend was paid or proposed during the year ended 30 June 2017, nor has any dividend been proposed since the end of the reporting period.

8. EARNINGS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share attributable to owners of the Company	**5,905**	6,010

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings for share	**800,000**	668,852

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the Capitalisation Issue (as defined in note 11) had been effective on 1 July 2015.

No diluted earnings per share is presented as there is no potential ordinary share outstanding during both years, or at the end of the respective reporting periods.

9. 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 ageing analysis of the trade receivables, presented based on the invoice date at the end of the reporting period, is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**37,889**	51,110
31 – 60 days	**856**	753
61 – 180 days	**–**	6,001
181 – 360 days	**–**	677
Over 360 days	**9,408**	5,930
	48,153	64,471

10. 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:

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**21,771**	22,029
31 – 60 days	**–**	1,460
61 – 180 days	**6,324**	1,315
	28,095	24,804

11. SHARE CAPITAL

The issued share capital as at 1 July 2015 represented the combined share capital of WM Construction, WM Engineering and WM Foundation.

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

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 22 September 2015 (date of incorporation) *(note i)*	38,000,000	380
Increase on 9 March 2016 *(note iii)*	1,962,000,000	19,620
At 30 June 2016 and 30 June 2017	2,000,000,000	20,000
Issued and fully paid:		
At 22 September 2015 (date of incorporation) *(note i)*	1	–
Issue of new shares on Reorganisation *(note ii)*	399	–
Capitalisation Issue *(note iv)*	639,999,600	6,400
Issue of new shares upon Listing *(note v)*	160,000,000	1,600
At 30 June 2016 and 30 June 2017	800,000,000	8,000

Notes:

(i) On 22 September 2015, the Company was incorporated with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. Upon its incorporation, one share was allotted at par and credited as fully paid.

(ii) On 17 December 2015, due to effect the Reorganisation, 399 shares were allotted, issued, credited as fully paid.

(iii) Pursuant to the written resolutions passed by the shareholders on 9 March 2016, the authorised share capital of the Company was increased from HK$380,000 to HK$20,000,000 by creation of additional 1,962,000,000 ordinary shares of HK$0.01 each which, upon issue, shall rank pari passu in all aspects with the existing issued ordinary shares.

(iv) Pursuant to the written resolutions passed by the shareholders on 9 March 2016, a sum of HK$6,400,000 standing to the credit of the share premium account of the Company was capitalised by paying up in full at par a total of 639,999,600 new shares (the "**Capitalisation Issue**").

(v) On 30 March 2016, 160,000,000 shares were issued at HK$0.33 per share for a total consideration of HK$52,800,000.

All issued shares rank pari passu in all respects including all rights as to dividends, voting and return of capital.

12. RELATED PARTY TRANSACTIONS

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

	2017	2016
	HK$'000	*HK$'000*
Rental income from Good Rise Engineering Limited ("**Good Rise**")	**–**	53
Subcontracting fee paid to Good Rise	**–**	33

Mr. Kwok had 40% equity interest in Good Rise. On 17 November 2015, Mr. Kwok disposed of all his interests in Good Rise to an independent third party. The above transactions for the year ended 30 June 2016 with Good Rise included only those up to 17 November 2015.

In addition, during the year ended 30 June 2016, the Group provided corporate guarantee for general banking facilities granted to a related company and the guarantee was released on 23 October 2015.

Compensation of key management personnel

The remuneration of directors of the Company, which are the key management personnel during the year, is determined by the remuneration committee having regard to the performance of individuals and market trends.

BUSINESS REVIEW AND OUTLOOK

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

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

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

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

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately HK$560.3 million for the year ended 30 June 2016 to approximately HK$651.4 million for the year ended 30 June 2017, representing an increase of approximately 16.3%.

Direct Cost

Our direct costs increased from approximately HK$521.2 million for the year ended 30 June 2016 to approximately HK$622.1 million for the year ended 30 June 2017, representing an increase of approximately 19.4%. Such increase was in line with the increase in revenue and was mainly attributable to the increase in construction costs and labour costs during the year ended 30 June 2017.

Gross Profit

Gross profit of the Group decreased by approximately 25.1% from approximately HK$39.1 million for the year ended 30 June 2016 to approximately HK$29.3 million for the year ended 30 June 2017. The overall gross profit margin decreased from approximately 7.0% for the year ended 30 June 2016 to approximately 4.5% for the year ended 30 June 2017. Such decrease was mainly attributable to the decrease of gross profit margin of new projects due to market competition during the year ended 30 June 2017.

Administrative Expenses

Administrative expenses mainly consist of staff costs, donation and professional fees. Administrative expenses of the Group increased by approximately 18.1% from approximately HK$18.8 million for the year ended 30 June 2016 to approximately HK$22.2 million for the year ended 30 June 2017. The increase was mainly attributable to the increase in staff costs including directors' remunerations, donation and professional fees during the year ended 30 June 2017.

Income Tax Expense

Income tax expense of the Group decreased by approximately 67.6% from approximately HK$3.7 million for the year ended 30 June 2016 to approximately HK$1.2 million for the year ended 30 June 2017. The decrease was mainly due to the decrease in our taxable profit.

Profit and Total Comprehensive Income for the year ended 30 June 2017 attributable to owners of the Company

Profit and total comprehensive income for the year attributable to owners of the Company decreased by approximately 1.7% from approximately HK$6.0 million for the year ended 30 June 2016 to approximately HK$5.9 million for the year ended 30 June 2017. Excluding the one-off listing expenses of approximately HK$10.9 million recorded during the year ended 30 June 2016, profit attributable to owners of the Company for the year ended 30 June 2017 decreased by approximately HK$11.0 million. The decrease was mainly due to the decrease in gross profit as a result of market competition. The decrease in the adjusted profit was primarily attributable to the combined effect of (i) the decrease in gross profit; and (ii) the increase in administrative expenses for the year ended 30 June 2017, which was offset by the decrease in income tax expenses.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a sound financial position during the year ended 30 June 2017. As at 30 June 2017, the Group had bank balances and cash of approximately HK$71.8 million (30 June 2016: approximately HK$102.0 million) and pledged bank balances of approximately HK$77.7 million (30 June 2016: approximately HK$35.9 million). The total interest-bearing borrowings of the Group as at 30 June 2017 was approximately HK$5.0 million (30 June 2016: approximately HK$5.0 million), and the current ratio as at 30 June 2017 was approximately 2.0 times (30 June 2016: approximately 2.1 times).

As at 30 June 2017, the Group had total assets of approximately HK$304.7 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$150.8 million (30 June 2016: approximately HK$129.7 million) and approximately HK$153.9 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) divided by total equity as at the respective reporting date. As at 30 June 2017, the Group recorded gearing ratio of approximately 3.2% (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 year ended 30 June 2017. 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 2017, the Group pledged its bank deposits to a bank of approximately HK$77.7 million (30 June 2016: approximately HK$35.9 million) as collateral to secure bank facilities granted to the Group.

As at 30 June 2017, the Group pledged its deposits paid for a life insurance policy with an aggregate net book value of approximately HK$8.8 million (30 June 2016: approximately HK$8.6 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 2017, 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 30 June 2017, 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$1.2 million as at 30 June 2017 (30 June 2016: approximately HK$2.8 million). As at 30 June 2017, 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 4 to the consolidated financial statements of this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 17 March 2016 (the "**Prospectus**") and in this announcement, the Group did not have other plans for material investments or capital assets as of 30 June 2017.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 30 June 2017, 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 consolidated financial statements of this announcement).

CONTINGENT LIABILITIES

As at 30 June 2017, performance guarantee of approximately HK$58,893,000 (30 June 2016: HK$30,866,000) are 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 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 2017, the Group employed a total of 80 employees (30 June 2016: 86 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK$34.5 million for the year ended 30 June 2017 (30 June 2016: approximately HK$31.0 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 2017.

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 30 June 2017 is set out below:

Business objective as stated in the Prospectus	Business strategy up to 30 June 2017 as stated in the Prospectus	Actual business progress up to 30 June 2017
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 approximately HK$10.1 million reserved for satisfying potential customers' requirement for performance bonds	Deposits of approximately HK$14.0 million was reserved for as cash collateral and securities satisfying potential customers' requirement for performance bonds for various projects
Application for the status in Group B in the category of buildings in the List of Approved Contractors for Public works	Application for the status in Group B in the category of buildings in the List of Approved Contractors for Public works	In consideration the current market situation to assess the risk and returns of such application, the Directors consider that the margin of the potential projects in relation to the status is not attractive and decide to defer such application
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 trainings	The Group has employed a site foreman, a senior quantity surveyor and a senior accounting manager etc 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 has purchased computers and electronic accessories and upgraded accounting system
Establishing an integrated management system for quality, environment, 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 planned usage of net proceeds as stated in the Prospectus and the actual utilisation of the net proceeds from the Listing up to 30 June 2017 are set out as below:

Business strategy as stated in the Prospectus	**Planned use of net proceeds as stated in the Prospectus up to 30 June 2017**	**Actual use of net proceeds up to 30 June 2017**
	HK$'000	*HK$'000*
Further developing our general building and specialised building business	10,100	14,000
Application for promotion to the confirmation status in Group B in the category of buildings in the List of Approved Contractors for Public works	6,000	–
Further strengthening our manpower	1,400	1,800
Improvement of computer equipment, system and software	1,000	160
Establishing an integrated management system for environmental management, occupational health and safety management	500	114

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.

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 2017.

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 2017.

CORPORATE GOVERNANCE CODE

During the year ended 30 June 2017, 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. Details of the continuing evolution of our corporate governance practices for the year ended 30 June 2017 are set out in the 2017 annual report.

CG Code provision A.2.1 stipulates that the roles of chairman and chief executive 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 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 2017.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 30 June 2017 (30 June 2016: Nil).

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 30 June 2017.

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 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. So Chi Wai and Ms. Wong Shuk Fong, all being independent non-executive Directors of the Company. Ms. Wong Shuk Fong currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed this announcement and the audited consolidated results of the Group for the year ended 30 June 2017 and the effectiveness of internal control system.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Friday, 15 December 2017, 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.

CLOSURE OF REGISTER OF MEMBERS

In order to determine entitlements of shareholders of the Company to attend and vote at the AGM to be held on Friday, 15 December 2017, the register of members of the Company will be closed from Tuesday, 12 December 2017 to Friday, 15 December 2017, both days inclusive, during which period no transfer of the shares will be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, 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 Monday, 11 December 2017.

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 2017 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
Kwok Tung Keung
Chairman and executive Director

Hong Kong, 15 September 2017

As at the date of this announcement, the executive directors are Mr. Kwok Tung Keung, Mr. Lee Kin Kee and Mr. Ko Chun Hay Kelvin and the independent non-executive directors are Mr. Donald William Sneddon, Mr. So Chi Wai and Ms. Wong Shuk Fong.

This announcement will remain on the GEM's website at www.hkgem.com 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.