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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 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.*

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 2017 (the “**Relevant Period**”), together with the unaudited condensed comparative figures for the six months ended 31 December 2016 as follows:

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

For the six months ended 31 December 2017

		Three months ended		Six months ended	
		31 December		31 December	
		2017	2016	2017	2016
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	146,321	164,658	262,793	320,235
Direct costs		(133,776)	(158,786)	(243,357)	(304,956)
Gross profit		12,545	5,872	19,436	15,279
Other income	5	2,509	94	2,599	179
Administrative expenses		(12,119)	(5,323)	(17,772)	(11,655)
Finance costs – interest expense on bank borrowings		(34)	(29)	(64)	(58)
Profit before taxation	4	2,901	614	4,199	3,745
Income tax expense	6	(1,496)	(358)	(1,727)	(1,169)
Profit and total comprehensive income for the period attributable to owners of the Company		1,405	256	2,472	2,576
Earnings per share attributable to owner of the Company					
Basic (HK cents)	8	0.17	0.03	0.31	0.32
Diluted (HK cents)		0.17	N/A	0.31	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

		31 December 2017 <i>HK\$'000</i> (Unaudited)	30 June 2017 <i>HK\$'000</i> (Audited)
	Notes		
Non-current assets			
Plant and equipment	9	607	726
Deferred tax assets		23	23
Deposits and prepayments		8,875	8,834
		<u>9,505</u>	<u>9,583</u>
Current assets			
Trade receivables	10	37,645	48,153
Other receivables, deposits and prepayments		6,370	1,973
Amounts due from customers for contract work		77,782	95,501
Pledged bank balances		41,832	77,736
Bank balances and cash		101,555	71,755
		<u>265,184</u>	<u>295,118</u>
Current liabilities			
Trade payables	11	24,342	28,095
Other payables and accrued charges		82,071	110,002
Amounts due to customers for contract work		–	996
Tax payable		(283)	4,985
Bank borrowings	12	5,000	5,000
Provisions		1,624	1,769
		<u>112,754</u>	<u>150,847</u>
Net current assets		<u>152,430</u>	<u>144,271</u>
Net assets		<u><u>161,935</u></u>	<u><u>153,854</u></u>
Capital and reserves			
Share capital	13	8,000	8,000
Reserves		153,935	145,854
Equity attributable to owners of the Company		<u><u>161,935</u></u>	<u><u>153,854</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2017

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Capital contribution <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 July 2017 (audited)	8,000	40,903	–	11,572	93,379	153,854
Profit and total comprehensive income for the period	–	–	–	–	2,472	2,472
Recognition of equity-settled share-based expenses (<i>Note 14</i>)	–	–	5,609	–	–	5,609
At 31 December 2017 (unaudited)	8,000	40,903	5,609	11,572	95,851	161,935
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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2017

	Six months ended	
	31 December	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	<u>(17,825)</u>	<u>21,669</u>
Net cash used in investing activities	<u>(1,471)</u>	<u>(2,685)</u>
Net cash used in financing activities	<u>(64)</u>	<u>(58)</u>
Net (decrease)/increase in cash and cash equivalents	(19,360)	18,926
Cash and cash equivalents at beginning of the period	<u>120,915</u>	<u>101,989</u>
Cash and cash equivalents at end of the period, represented by bank balances and cash	<u><u>101,555</u></u>	<u><u>120,915</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2017

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 “**Listing**”). 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 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 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 2017.

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.

2. BASIS OF PREPARATION (CONTINUED)

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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 31 December 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2017.

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 14 to the condensed consolidated financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straightline basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Company revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of share options granted is expensed immediately to profit or loss. When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services rendered, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the services.

3. REVENUE 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\$607,000 (30 June 2017: approximately HK\$726,000) as at 31 December 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 corresponding periods is as follows:

	For the three months ended 31 December 2017 <i>HK\$'000</i> (Unaudited)		For the six months ended 31 December 2017 <i>HK\$'000</i> (Unaudited)	
		2016 <i>HK\$'000</i> (Unaudited)		2016 <i>HK\$'000</i> (Unaudited)
Customer A	44,402	18,122	89,511	33,236
Customer B	6,281	85,527	26,373	145,540
Customer C	4,744	26,871	11,726	55,325

4. PROFIT BEFORE TAXATION

	For the three months ended 31 December		For the six months ended 31 December	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after charging:				
Auditor's remuneration	225	225	450	450
Directors' remuneration	887	1,430	2,991	2,526
Other staff costs:				
Salaries and other benefits	7,593	7,039	14,422	14,152
Retirement benefits scheme contributions	208	270	453	532
Equity-settled share-based expenses	5,609	—	5,609	—
Total staff costs	14,297	8,739	23,475	17,210
Lease payments under operating leases in respect of land and buildings	316	436	620	872

5. OTHER INCOME

	Three months ended 31 December		Six months ended 31 December	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Bank interest income	19	17	34	25
Interest income on payment for a life insurance policy	—	77	75	154
Disposal of Subsidiary	2,490	—	2,490	—
	2,509	94	2,599	179

6. INCOME TAX EXPENSE

	Three months ended		Six months ended	
	31 December		31 December	
	2017	2016	2017	2016
	<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>1,496</u>	<u>358</u>	<u>1,727</u>	<u>1,169</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 2017 (31 December 2016: Nil).

8. EARNINGS PER SHARE

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

	Three months ended		Six months ended	
	31 December		31 December	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings				
Earnings attributable to owners of the Company	<u>1,405</u>	<u>256</u>	<u>2,472</u>	<u>2,576</u>
	2017	2016	2017	2016
Number of shares				
Weighted average number of ordinary shares				
for the purpose of calculating basic earnings				
for share	800,000,000	800,000,000	800,000,000	800,000,000
Shares deemed to be issued in respect of share option	<u>5,802,652</u>	–	<u>5,802,652</u>	–
Weighted average number of ordinary shares				
for the purpose of calculating diluted earnings				
for share	<u>805,820,652</u>	<u>800,000,000</u>	<u>805,820,652</u>	<u>800,000,000</u>

9. PROPERTY, PLANT AND EQUIPMENT

During the Relevant Period, the Group did not acquire property, plant and equipment (30 June 2017: HK\$825,000).

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	30 June
	2017	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
0-30 days	29,134	37,889
31-60 days	4,698	856
61-90 days	890	—
91-180 days	—	—
Over 180 days	2,923	9,408
	37,645	48,153

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	30 June
	2017	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade payables:		
0-30 days	24,258	21,771
31-60 days	—	—
Over 60 days	84	6,324
	24,342	28,095

12. BORROWINGS

	31 December 2017 HK\$'000 (Unaudited)	30 June 2017 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	Nominal value HK\$'000
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 30 June 2017 and 31 December 2017	<u>2,000,000,000</u>	<u>20,000</u>
<i>Issued and fully paid:</i>		
At 30 June 2017 and 31 December 2017	<u>800,000,000</u>	<u>8,000</u>

14. SHARE-BASED PAYMENTS TRANSACTIONS

The Company operates a share option scheme (the “**Share Option Scheme**”) for the purpose of providing incentives or rewards to eligible participants for their contribution to the Group pursuant to a resolution passed on 9 March 2016.

The total number of shares (the “**Shares**”) which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue on the Listing Date.

Directors may, at its absolute discretion, invite any person belonging to any of the following classes of participants (“**Eligible Participants**”), to take up options (the “**Share Options**”) to subscribe for Shares:

- (i) any director, employee, officer, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or any entity in which the Company or any subsidiary holds any interest;

- (ii) any discretionary trust the discretionary objects of which include any director, employee, officer, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or any Invested Entity; and
- (iii) any corporation wholly-owned by any person mentioned in clause (i) above.

Share Options granted must be taken up within 21 days from the date of grant, upon payment of HK\$1.00. An offer may not be accepted by an Eligible Participant who ceases to be an Eligible Participant after an offer is made to him but before his acceptance. No offer shall be capable of or open for acceptance after the date that falls on expiry of 10 years commencing on the date of which the Share Option Scheme is adopted.

Share Options exercise price is the highest of (i) the nominal value of a share of the Company; (ii) the closing price of the Shares as stated in the daily quotations sheet of Stock Exchange on the date of the offer for granting the Share Options; and (iii) the average price of Shares as stated in the daily quotations sheets on the Stock Exchange.

On 29 November 2017, the Company has granted 31,500,000 Share Options to the Company's three executive Directors and employee at the exercise price of HK\$0.371 per option share. The Share Options is valid for a period of five years commencing from the relevant vesting date. The closing price of the Company's share immediately before 29 November 2017, the date before grant, was HK\$0.370.

Movement of the Company's Share Options during the Reporting Period are as followings:

	Number of share options
At 1 July 2017	–
Granted during the period	31,500,000
Lapsed during the period	–
	<hr/>
At 31 December 2017	<u><u>31,500,000</u></u>

During the Relevant Period, Share Options were granted on 29 November 2017. The estimated fair value of the Share Options determined at the date of grant using the Binomial option pricing model was approximately HK\$5.6 million. The variables and assumptions used in computing the fair value of the Share Options are based on the Directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the Share Options.

The following assumptions were used to calculate the fair values of Share Options:

Grant date share price:	HK\$0.370
Exercise price:	HK\$0.371
Expected life:	5 years from vesting date
Expected volatility:	66.11%
Dividend yield:	0%
Risk-free interest rate:	1.498%

The Group recognised an expense of approximately HK\$5.6 million in relation to share options granted by the Company for the period ended 31 December 2017.

15. COMMITMENTS

As at 31 December 2017, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	31 December 2017 <i>HK\$'000</i> (Unaudited)	30 June 2017 <i>HK\$'000</i> (Audited)
Within 1 year	611	1,184
Later than 1 year and no later than 5 years	—	19
	<u>611</u>	<u>1,203</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.

16. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 31 December 2017 and 2016 are as follows:

	Three months ended 31 December 2017 <i>HK\$'000</i> (Unaudited)		Six months ended 31 December 2017 <i>HK\$'000</i> (Unaudited)	
	2016 <i>HK\$'000</i> (Unaudited)		2016 <i>HK\$'000</i> (Unaudited)	
Short-term benefits	765	1,415	2,710	2,500
Post-employment benefits	11	15	23	26
Share-based payments	5,609	—	5,609	—
	<u>6,385</u>	<u>1,430</u>	<u>8,342</u>	<u>2,526</u>

MANAGEMENT DISCUSSION AND ANALYSIS

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. 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.

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. 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 decreased from approximately HK\$320.2 million for the six months ended 31 December 2016 to approximately HK\$262.8 million for the six months ended 31 December 2017, representing a decrease of approximately 17.9%.

Direct Cost

Our direct costs decreased from approximately HK\$305.0 million for the six months ended 31 December 2016 to approximately HK\$243.4 million for the six months ended 31 December 2017, representing a decrease of approximately 20.2%. Such decrease was in line with the decrease in revenue during the six months ended 31 December 2017.

Gross Profit

Gross profit of the Group increased by approximately 26.8% from approximately HK\$15.3 million for the six months ended 31 December 2016 to approximately HK\$19.4 million for the six months ended 31 December 2017. The overall gross profit margin increased from approximately 4.8% for the six months ended 31 December 2016 to approximately 7.4% for the six months ended 31 December 2017. Such increase was mainly attributable to increase of gross profit margin of new projects during the six months ended 31 December 2017.

Administrative Expenses

Administrative expenses of the Group increased by approximately 52.1% from approximately HK\$11.7 million for the six months ended 31 December 2016 to approximately HK\$17.8 million for the six months ended 31 December 2017. The increase was mainly attributable to the increase in staff costs and professional fees incurred during the six months ended 31 December 2017.

Income Tax Expense

Income tax expense of the Group increased by approximately 41.7% from approximately HK\$1.2 million for the six months ended 31 December 2016 to approximately HK\$1.7 million for the six months ended 31 December 2017. The increase was mainly due to the increase of gross profit for the six months ended 31 December 2017.

Profit and Total Comprehensive Income for the six months ended 31 December 2017 attributable to owners of the Company

Profit and total comprehensive income for the period attributable to owners of the Company decreased by approximately HK\$0.1 million from approximately HK\$2.6 million for the six months ended 31 December 2016 to approximately HK\$2.5 million for the six months ended 31 December 2017. Such decrease was attributable to the net effect of (i) the increase in gross profit for the six months ended 31 December 2017; (ii) the increase in other income from approximately HK\$0.2 million for the six months ended 31 December 2016 to approximately HK\$2.6 million for the six months ended 31 December 2017; and (iii) the increase of administrative expenses for the six months ended 31 December 2017. In other words, it represents a decrease of profit and total comprehensive income for the six months ended 31 December 2017 of approximately 4.0% compared to the six months ended 31 December 2016.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a sound financial position during the six months ended 31 December 2017. As at 31 December 2017, the Group had bank balances and cash of approximately HK\$101.6 million (30 June 2017: approximately HK\$71.8 million) and pledged bank balances of approximately HK\$41.8 million (30 June 2017: approximately HK\$77.7 million). The total interest-bearing borrowings of the Group as at 31 December 2017 was approximately HK\$5.0 million (30 June 2017: approximately HK\$5.0 million), and the current ratio as at 31 December 2017 was approximately 2.4 times (30 June 2017: approximately 2.0 times).

As at 31 December 2017, the Group had total assets of approximately HK\$274.7 million (30 June 2017: approximately HK\$304.7 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$112.7 million (30 June 2017: approximately HK\$150.8 million) and approximately HK\$161.9 million (30 June 2017: approximately HK\$153.9 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 2017, the Group recorded gearing ratio of approximately 3.1% (30 June 2017: approximately 3.2%), which remained low as the Group had adequate bank balances and cash.

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 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 31 December 2017, the Group pledged its bank deposits to a bank of approximately HK\$41.8 million (30 June 2017: approximately HK\$77.7 million) as collateral to secure bank facilities granted to the Group.

As at 31 December 2017, the Group pledged its deposits paid for a life insurance policy with an aggregate net book value of approximately HK\$8.9 million (30 June 2017: approximately HK\$8.8 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 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

There has been no change in the capital structure of the Group for the six months ended 31 December 2017.

As at 31 December 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\$0.6 million as at 31 December 2017 (30 June 2017: approximately HK\$1.2 million). As at 31 December 2017, the Group did not have any capital commitment (30 June 2017: Nil).

SEGMENTAL 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 2017.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 28 December 2017, the Company as the vendor, and ADC Engineering Services Limited as the purchaser, an independent third party, entered into the sale and purchase agreement which the purchaser agreed to acquire and the vendor agreed to sell the entire issued share capital of Focus Achieve Limited and its wholly-owned subsidiary (collectively the “**Disposal Group**”) at a consideration of approximately HK\$2.5 million which completed on the same day. Upon completion, the Company has ceased to hold any interest in the Disposal Group and the Disposal Group has ceased to be subsidiaries of the Company.

CONTINGENT LIABILITIES

As at 31 December 2017, performance guarantee of approximately HK\$58.9 million (30 June 2017: approximately HK\$58.9 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 2017: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2017, the Group employed a total of 80 employees (31 December 2016: 88 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$23.5 million for the six months ended 31 December 2017 (31 December 2016: approximately HK\$17.2 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 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 31 December 2017 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 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 HK\$3.7 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

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 2017
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	Application is in progress
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, 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 of the Company dated 17 March 2016 (the “**Prospectus**”).

An analysis of the utilisation of the net proceeds from the Listing and the unused amount as at 31 December 2017 is set out below:

	Planned use of net proceeds as stated in the Prospectus up to 31 December 2017 HK\$'000	Actual use of net proceeds up to 31 December 2017 HK\$'000
Business strategy as stated in the Prospectus		
Enhance our participation in undertaking construction works from both the private and public sector	13,800	13,800
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	6,000
Further strengthening our manpower	2,400	2,400
Improvement of computer equipment, system and software	1,400	160
Establishing an integrated management system for environmental management and occupational health and safety management	<u>500</u>	<u>500</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 2017, the interests and short positions of the Directors and chief executives of the Company in the Shares of the Company (the “**Shares**”), the underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “**SFO**”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive was taken or deemed to have under such provision of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the Shares

Name of Director	Nature of interest	Number of the Shares held/ interested in	Number of share options	Percentage of shareholding (approximately)
Mr. Kwok Tung Keung (“ Mr. Kwok ”)	Interest in controlled corporation (<i>Note 1</i>)	250,000,000	–	31.25%
	Beneficial owner	–	13,000,000	1.63%
Mr. Lee Kin Kee (“ Mr. Lee ”)	Interest in controlled corporation (<i>Note 2</i>)	160,000,000	–	20.00%
	Beneficial owner	–	5,000,000	0.63%
Mr. Ko Chun Hay Kelvin	Beneficial Owner	189,500,000	–	23.69%
	Beneficial Owner	–	13,000,000	1.63%

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 2017, 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 2017, 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	250,000,000	Long	31.25%
Neo Paramount (<i>Note</i>)	Beneficial owner	160,000,000	Long	20.00%

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 2017, 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 2017.

INTEREST OF COMPLIANCE ADVISER

As at 31 December 2017, 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 2017, 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 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.

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 2017.

DIVIDEND

The Board does not recommend the payment of on interim dividend for the six months ended 31 December 2017.

EVENT AFTER THE REPORTING PERIOD

After the date of this announcement, save as disclosed in this announcement the board is not aware of any significant events after the reporting period that requires disclosure.

SHARE OPTION SCHEME

The shareholders of the Company approved and adopted the Share Option Scheme by way of written resolutions on 9 March 2016. Since the Listing Date and up to 31 December 2017, a total of 31,500,000 share options to subscribe for 31,500,000 ordinary shares of HK\$0.01 each of the Company, representing approximately 3.9% of the issued share capital of the Company, were granted to three executive Directors and employee under the Share Option Scheme. The exercise price of the Share Options is HK\$0.371 per Share.

Details of the movements of share options granted, exercised or cancelled/lapsed during the period and outstanding as at 31 December 2017 are as follows:

Grantee	Date of grant of share options	Exercise price of share options HK\$	Closing price immediately before date of grant HK\$	Exercise period (both dates inclusive)	At 1 July 2017	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding at 31 December 2017
Mr. Kwok Tung Keung	29 November 2017	0.371	0.385	29 November 2017 to 28 November 2022	–	13,000,000	–	–	13,000,000
Mr. Ko Chun Hay Kelvin	29 November 2017	0.371	0.385	29 November 2017 to 28 November 2022	–	13,000,000	–	–	13,000,000
Mr. Lee Kin Kee	29 November 2017	0.371	0.385	29 November 2017 to 28 November 2022	–	5,000,000	–	–	5,000,000
Other employee	29 November 2017	0.371	0.385	29 November 2017 to 28 November 2022	–	500,000	–	–	500,000
Total					<u>–</u>	<u>31,500,000</u>	<u>–</u>	<u>–</u>	<u>31,500,000</u>

As at the date of this announcement, the Company may grant further share options to subscribe for up to 48,500,000 shares, representing approximately 6.1% of the number of shares in issue of the Company pursuant to the Share Option Scheme.

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

The Audit Committee has reviewed this announcement and the unaudited condensed consolidated results of the Group for the six months ended 31 December 2017 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, 9 February 2018

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.