

Super Strong Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8262

2018/19

Interim Report



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*This report, for which the directors (the “**Directors**”) of Super Strong Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report 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 report 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 2018 (the “**Relevant Period**”), together with the unaudited condensed comparative figures for the six months ended 31 December 2017 as follows:

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

For the six months ended 31 December 2018

	Notes	Three months ended 31 December		Six months ended 31 December	
		2018	2017	2018	2017
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	3	146,783	146,321	271,712	262,793
Direct costs		(135,746)	(133,776)	(246,426)	(243,357)
Gross profit		11,037	12,545	25,286	19,436
Other income	5	150	2,509	223	2,599
Administrative expenses		(8,877)	(12,119)	(18,902)	(17,772)
Finance costs — interest expense on bank borrowings		(183)	(34)	(293)	(64)
Profit before taxation	4	2,127	2,901	6,314	4,199
Income tax expense	6	(659)	(1,496)	(1,634)	(1,727)
Profit and total comprehensive income for the period		1,468	1,405	4,680	2,472
Profit and total Comprehensive income for the period attributable to:					
Owners of the Company		1,473	1,405	4,642	2,472
Non-Controlling interests		(5)	—	38	—
		1,468	1,405	4,680	2,472
Earnings per share					
Basic and diluted (HK cents)	8	0.18	0.17	0.58	0.31

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

		31 December 2018	30 June 2018
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current assets			
Plant and equipment	9	999	993
Goodwill		4,895	4,895
Other intangible assets		3,636	3,666
Deferred tax assets		39	39
Deposits and prepayments		12,174	11,328
		21,743	20,921
Current assets			
Trade receivables	10	87,933	43,103
Other receivables, deposits and prepayments		2,236	2,401
Amounts due from customers for contract work		34,668	65,623
Pledged bank balances		50,335	62,060
Bank balances and cash		70,478	89,573
		245,650	262,760
Current liabilities			
Trade payables	11	26,145	17,504
Other payables, retention payables and accrued charges		67,441	79,706
Amounts due to customers for contract work		2,295	2,295
Tax payable		2,671	1,032
Bank borrowings	12	8,181	8,540
Provisions		1,783	1,775
		108,516	110,852
Net current assets		137,134	151,908
Total assets less current liabilities		158,877	172,829

		31 December 2018	30 June 2018
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Non-current liabilities			
Deferred tax liabilities		600	605
Other payable		294	294
		894	899
Net assets		157,983	171,930
Capital and reserves			
Share capital	13	8,000	8,000
Reserves		144,531	158,516
Equity attributable to owners of the Company		152,531	166,516
Non-controlling interests		5,452	5,414
Total equity		157,983	171,930

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2018

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Capital contribution	Share options reserve	Retained profits	Subtotal			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
				(note)					
At 1 July 2018 (audited)	8,000	40,903	11,572	3,649	102,392	166,516	5,414	171,930	
Profit and total comprehensive income for the period	—	—	—	—	4,642	4,642	38	4,680	
Dividend paid	—	—	—	—	(20,000)	(20,000)	—	(20,000)	
Recognition of equity-settled share-based expenses (Note 14)	—	—	—	1,373	—	1,373	—	1,373	
At 31 December 2018 (unaudited)	8,000	40,903	11,572	5,022	87,034	152,531	5,452	157,983	
At 1 July 2017 (audited)	8,000	40,903	11,572	—	93,379	153,854	—	153,854	
Profit and total comprehensive income for the period	—	—	—	—	2,472	2,472	—	2,472	
Recognition of equity-settled share-based expenses (Note 14)	—	—	—	5,609	—	5,609	—	5,609	
At 31 December 2017 (unaudited)	8,000	40,903	11,572	5,609	95,851	161,935	—	161,935	

Note: Capital contribution represents (a) the difference of the combined share capital of the operating subsidiaries and the share capital of the Company for shares issued pursuant to a group reorganisation in preparation for listing of the Company's shares; (b) capital contributions from the controlling shareholder of the Company; and (c) a deemed distribution for the financial guarantee provided by a subsidiary of the Group to a related company wholly owned by the controlling shareholder of the Company.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2018

	Six months ended	
	31 December	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	(31,379)	(17,825)
Net cash used in investing activities	595	(1,471)
Net cash used in financing activities	(293)	(64)
Net (decrease)/increase in cash and cash equivalents	(31,077)	(19,360)
Cash and cash equivalents at beginning of the period	101,555	120,915
Cash and cash equivalents at end of the period, represented by bank balances and cash	70,478	101,555

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2018

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 2018.

2. BASIS OF PREPARATION (CONTINUED)

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

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

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

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

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 2018 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2018.

2. BASIS OF PREPARATION (CONTINUED)

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\$999,000 (30 June 2018: approximately HK\$993,000) as at 31 December 2018 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		For the six months ended	
	31 December		31 December	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Customer A	2,916	44,402	8,952	89,511
Customer B	N/A	6,281	N/A	26,373
Customer C	N/A	4,744	N/A	11,726
Customer D	57,312	N/A	84,704	N/A
Customer E	23,859	N/A	57,957	N/A

4. PROFIT BEFORE TAXATION

	For the three months ended		For the six months ended	
	31 December		31 December	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after charging:				
Auditor's remuneration	250	225	500	450
Directors' remuneration	875	887	2,189	2,991
Other staff costs:				
Salaries and other benefits	6,517	7,593	11,974	14,422
Retirement benefits scheme contributions	193	208	409	453
Equity-settled share-based expenses	1,373	5,609	1,373	5,609
Total staff costs	8,958	14,297	15,945	23,475
Lease payments under operating leases in respect of land and buildings	482	316	961	620

5. OTHER INCOME

	Three months ended		Six months ended	
	31 December		31 December	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Bank interest income	37	19	67	34
Interest income on payment for a life insurance policy	113	—	156	75
Disposal of Subsidiary	—	2,490	—	2,490
	150	2,509	223	2,599

6. INCOME TAX EXPENSE

	Three months ended		Six months ended	
	31 December		31 December	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong Profits Tax — current tax	659	1,496	1,634	1,727

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 2018 (31 December 2017: 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	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings				
Earnings attributable to owners of the Company	1,473	1,405	4,642	2,472
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	2018	2017	2018	2017
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	4,614,652	5,802,652	4,614,652	5,802,652
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Weighted average number of ordinary shares for the purpose of calculating diluted earnings for share	804,614,652	805,802,652	804,614,652	805,802,652

9. PROPERTY, PLANT AND EQUIPMENT

During the Relevant Period, the Group did not acquire property, plant and equipment (30 June 2018: HK\$187,000).

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 2018 HK\$'000 (Unaudited)	30 June 2018 HK\$'000 (Audited)
0-30 days	80,295	34,007
31-60 days	6,749	4,860
61-90 days	—	3,222
91-180 days	—	125
Over 180 days	889	889
	87,933	43,103

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 2018 HK\$'000 (Unaudited)	30 June 2018 HK\$'000 (Audited)
Trade payables:		
0-30 days	26,145	17,216
31-60 days	—	288
Over 60 days	—	—
	26,145	17,504

12. BORROWINGS

	31 December 2018 HK\$'000 (Unaudited)	30 June 2018 HK\$'000 (Audited)
Revolving bank borrowings		
— repayable on demand	8,181	8,540

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 2018 and 31 December 2018	2,000,000,000	20,000
<i>Issued and fully paid:</i>		
At 30 June 2018 and 31 December 2018	800,000,000	8,000

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.

14. SHARE-BASED PAYMENTS TRANSACTIONS (CONTINUED)

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.

At 31 December 2018, the number of shares in respect of which options has been granted and remained outstanding under the Share Option Scheme was 19,800,000 (2017: 26,500,000), which if exercised in full representing 2.48% (2017: 3.31%) of the shares of the Company in issue at the date.

14. SHARE-BASED PAYMENTS TRANSACTIONS (CONTINUED)

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

	Number of share options
At 1 July 2018	26,500,000
Granted during the period	19,800,000
Lapsed during the period	(10,200,000)
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At 31 December 2018	36,100,000

During the Relevant Period, Share Options were granted on 3 December 2018. The estimated fair value of the Share Options determined at the date of grant using the Binomial option pricing model was approximately HK\$2.5 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\$0.300
Exercise price:	HK\$0.307
Expected life:	5 years from vesting date
Expected volatility:	55.77%
Dividend yield:	0%
Risk-free interest rate:	2.156%

The Group recognised an expense of approximately HK\$1.4 million in relation to share options granted by the Company for the period ended 31 December 2018.

15. COMMITMENTS

As at 31 December 2018, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	31 December 2018 HK\$'000 (Unaudited)	30 June 2018 HK\$'000 (Audited)
Within 1 year	1,212	1,555
Later than 1 year and no later than 5 years	505	1,350
	1,717	2,905

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 2018 and 2017 are as follows:

	Three months ended		Six months ended	
	31 December		31 December	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short-term benefits	1,303	765	2,166	2,710
Post-employment benefits	11	11	23	23
Share-based payments	1,373	5,609	1,373	5,609
	2,687	6,385	3,562	8,342

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 credibility 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 increased from approximately HK\$262.8 million for the six months ended 31 December 2017 to approximately HK\$271.7 million for the six months ended 31 December 2018, representing an increase of approximately 3.4%. The increase is partly contributed by the sector of building management services being acquired during the year.

Direct Cost

Our direct costs increased from approximately HK\$243.4 million for the six months ended 31 December 2017 to approximately HK\$246.4 million for the six months ended 31 December 2018, representing an increase of approximately 1.2%. Such increase was in line with the increase in revenue during the six months ended 31 December 2018.

Gross Profit

Gross profit of the Group increased by approximately 30.4% from approximately HK\$19.4 million for the six months ended 31 December 2017 to approximately HK\$25.3 million for the six months ended 31 December 2018. The overall gross profit margin increased from approximately 7.4% for the six months ended 31 December 2017 to approximately 9.3% for the six months ended 31 December 2018 was mainly due to the increase in gross profit margin of certain projects during the Relevant Period.

Administrative Expenses

Administrative expenses of the Group increased by approximately 6.2% from approximately HK\$17.8 million for the six months ended 31 December 2017 to approximately HK\$18.9 million for the six months ended 31 December 2018. The increase was mainly due to the increase in staff costs in the sector of building management services and share-based payment.

Income Tax Expense

Income tax expense of the Group decreased by approximately 5.9% from approximately HK\$1.7 million for the six months ended 31 December 2017 to approximately HK\$1.6 million for the six months ended 31 December 2018. The decrease was mainly due to the increase of administrative expenses for the six months ended 31 December 2018.

Profit and Total Comprehensive Income for the six months ended 31 December 2018 attributable to owners of the Company

Profit and total comprehensive income for the period attributable to owners of the Company increased by approximately HK\$2.1 million from approximately HK\$2.5 million for the six months ended 31 December 2017 to approximately HK\$4.6 million for the six months ended 31 December 2018. Such increase was attributable to the net effect of the increase in gross profit for the six months ended 31 December 2018 and the increase of administrative expenses for the six months ended 31 December 2018.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a sound financial position during the six months ended 31 December 2018. As at 31 December 2018, the Group had bank balances and cash of approximately HK\$70.5 million (30 June 2018: approximately HK\$89.6 million) and pledged bank balances of approximately HK\$50.3 million (30 June 2018: approximately HK\$62.1 million). The total interest-bearing borrowings of the Group as at 31 December 2018 was approximately HK\$8.1 million (30 June 2018: approximately HK\$8.5 million), and the current ratio as at 31 December 2018 was approximately 2.3 times (30 June 2018: approximately 2.4 times).

As at 31 December 2018, the Group had total assets of approximately HK\$267.4 million (30 June 2018: approximately HK\$283.7 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$108.5 million (30 June 2018: approximately HK\$110.9 million) and approximately HK\$158.0 million (30 June 2018: approximately HK\$171.9 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 2018, the Group recorded gearing ratio of approximately 5.1% (30 June 2018 : approximately 5.0%), 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 2018. 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 2018, the Group pledged its bank deposits to a bank of approximately HK\$50.3 million (30 June 2018: approximately HK\$62.1 million) as collateral to secure bank facilities granted to the Group.

As at 31 December 2018, the Group pledged its deposits paid for a life insurance policy with an aggregate net book value of approximately HK\$9.0 million (30 June 2018: approximately HK\$9.0 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 2018, 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 2018.

As at 31 December 2018, 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\$0.9 million as at 31 December 2018 (30 June 2018: approximately HK\$2.9 million). As at 31 December 2018, the Group did not have any capital commitment (30 June 2018: 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 2018.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 31 December 2018, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

As at 31 December 2018, performance guarantee of approximately HK\$47.5 million (30 June 2018: approximately HK\$47.5 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 2018: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group employed a total of 79 employees (31 December 2017: 80 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$15.9 million for the six months ended 31 December 2018 (31 December 2017: approximately HK\$23.5 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 2018.

DISCLOSURE OF INTERESTS

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

As at 31 December 2018, 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 (Note 1)	250,000,000	—	31.25%
	Beneficial owner	—	15,800,000	1.98%
Mr. Ko Chun Hay Kelvin	Beneficial Owner	189,500,000	—	23.69%
	Beneficial Owner	—	15,800,000	1.98%

Notes:

- Mr. Kwok beneficially owns 100% of the issued share capital of Best Brain Investments Limited ("**Best Brain**"). By virtue of the SFO, Mr. Kwok is deemed to be interested in the same number of the Shares held by Best Brain.

(ii) *Long position in the ordinary shares of associated corporations*

Name of Director	Name of associated corporation	Nature of interest	Number of shares held/ interested in	Percentage of shareholding
Mr. Kwok	Best Brain	Beneficial owner	7,500	100%

Save as disclosed above, as at 31 December 2018, 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 2018, the following persons (other than the Directors or chief executive of the Company) or companies were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules:

Name of shareholder	Nature of interest	Number of the Shares held/ interested in	Long/short position	Percentage of total issued share capital of the Company
Best Brain	Beneficial owner	250,000,000	Long	31.25%
Neo Paramount	Beneficial owner	160,000,000	Long	20.00%

Save as disclosed above, as at 31 December 2018, 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 2018.

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

During the six months ended 31 December 2018, 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 2018, 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 Engineering Company Limited since 1999 and 2001 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 2018.

DIVIDEND

The Board does not recommend the payment of on interim dividend for the six months ended 31 December 2018.

EVENT AFTER THE REPORTING PERIOD

After the date of this report, save as disclosed in this report 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 2018, a total of 36,100,000 share options to subscribe for 36,100,000 ordinary shares of HK\$0.01 each of the Company, representing approximately 4.5% of the issued share capital of the Company, were granted to three executive Directors and employee under the Share Option Scheme.

Details of the movements of share options granted, exercised or cancelled/lapsed during the period and outstanding as at 31 December 2018 are as follows:

Grantee	Date of grant of share options	Exercise price of share options	Closing price immediately before date of grant	Exercise period (both dates inclusive)	At 1 July 2018	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding at 31 December 2018
		HK\$	HK\$						
Mr. Kwok Tung Keung	29 November 2017	0.371	0.385	29 November 2017 to 28 November 2022	13,000,000	—	—	(5,100,000)	7,900,000
	3 December 2018	0.307	0.300	3 December 2018 to 2 December 2023	—	7,900,000	—	—	7,900,000
Mr. Ko Chun Hay Kelvin	29 November 2017	0.371	0.385	29 November 2017 to 28 November 2022	13,000,000	—	—	(5,100,000)	7,900,000
	3 December 2018	0.307	0.300	3 December 2018 to 2 December 2023	—	7,900,000	—	—	7,900,000
Mr. Woo See Shing	3 December 2018	0.307	0.300	3 December 2018 to 2 December 2023	—	3,000,000	—	—	3,000,000
Other employee	29 November 2017	0.371	0.385	29 November 2017 to 28 November 2022	500,000	—	—	—	500,000
	3 December 2018	0.307	0.300	3 December 2018 to 2 December 2023	—	1,000,000	—	—	1,000,000
Total					26,500,000	19,800,000	—	(10,200,000)	36,100,000

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 report and the unaudited condensed consolidated results of the Group for the six months ended 31 December 2018 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, 11 February 2019

As at the date of this report, the executive Directors are Mr. Kwok Tung Keung and Mr. Ko Chun Hay Kelvin, the non-executive Director is Mr. Woo See Shing and the independent non-executive Directors are Mr. Donald William Sneddon, Mr. So Chi Wai and Ms. Wong Shuk Fong.