



# Super Strong Holdings Limited

*(incorporated in the Cayman Islands with limited liability)*

Stock Code: 8262



Interim Report

2020/21

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and medium-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

**Given that the companies listed on GEM are generally small and medium-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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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 2020 (the “**Relevant Period**”), together with the unaudited condensed comparative figures for the six months ended 31 December 2019 as follows:

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

For the six months ended 31 December 2020

	Notes	Three months ended 31 December		Six months ended 31 December	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	6,355	69,916	44,304	155,313
Direct costs		(29,055)	(60,510)	(64,128)	(138,912)
Gross (loss)/profit		(22,700)	9,406	(19,824)	16,401
Other income	5	1,021	447	2,290	627
Administrative expenses		(2,006)	(6,085)	(7,204)	(11,847)
Finance costs – interest expense on bank borrowings		(29)	(49)	(59)	(103)
(Loss)/profit before taxation	4	(23,714)	3,719	(24,797)	5,078
Tax income/(expense)	6	202	(530)	–	(838)
(Loss)/profit and total comprehensive income for the period		(23,512)	3,189	(24,797)	4,240
(Loss)/profit and total comprehensive (expense)/income for the period attributable to:					
Owners of the Company		(23,500)	3,413	(24,784)	4,464
Non-controlling interests		(12)	(224)	(13)	(224)
		(23,512)	3,189	(24,797)	4,240
(Loss)/earnings per share					
Basic and diluted (HK cents)	8	(2.94)	0.43	(3.10)	0.56

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	31 December 2020 HK\$'000 (Unaudited)	30 June 2020 HK\$'000 (Audited)
Non-current assets			
Plant and equipment	9	855	1,117
Right-of-use assets		2,616	2,650
Deferred tax assets		103	103
Deposits and prepayments		12,290	12,206
		<b>15,864</b>	16,076
Current assets			
Trade receivables	10	13,430	4,795
Other receivables, deposits and prepayments		74,141	33,443
Amounts due from customers for contract work		21,070	35,456
Land for sale under development		9,875	5,136
Pledged bank balances		15,081	15,859
Bank balances and cash		63,858	131,444
		<b>197,455</b>	226,133
Current liabilities			
Trade payables	11	6,893	5,326
Other payables, retention payables and accrued charges		41,930	59,023
Amounts due to customers for contract work		16,945	5,480
Tax payable		5,117	5,117
Bank borrowings	12	5,000	5,000
Lease liabilities		1,669	1,698
		<b>77,554</b>	81,644
Net current assets		<b>119,901</b>	144,489
Total assets less current liabilities		<b>135,765</b>	160,565
Non-current liabilities			
Lease liabilities		976	979
Net assets		<b>134,789</b>	159,586
Capital and reserves			
Share capital	13	8,000	8,000
Reserves		118,727	143,511
Equity attributable to owners of the Company		<b>126,727</b>	151,511
Non-controlling interests		8,062	8,075
Total equity		<b>134,789</b>	159,586

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2020

	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 (note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2020 (audited)	8,000	40,913	11,572	4,985	86,051	151,511	8,075	159,586
Loss and total comprehensive expense for the period	-	-	-	-	(24,784)	(24,784)	(13)	(24,797)
Dividend paid	-	-	-	-	-	-	-	-
At 31 December 2020 (unaudited)	8,000	40,903	11,572	4,985	61,267	126,727	8,062	134,789
At 1 July 2019 (audited)	8,000	40,903	11,572	3,784	99,920	164,179	-	164,179
Profit and total comprehensive income for the period	-	-	-	-	4,464	4,464	(224)	4,240
Dividend paid	-	-	-	-	(20,000)	(20,000)	-	(20,000)
At 31 December 2019 (unaudited)	8,000	40,903	11,572	3,784	84,384	148,643	(224)	148,419

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 2020

	Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities	(22,855)	40,121
Net cash used in investing activities	(44,672)	(12)
Net cash used in financing activities	(59)	(103)
Net (decrease)/increase in cash and cash equivalents	(67,586)	40,006
Cash and cash equivalents at beginning of the period	131,444	70,478
Cash and cash equivalents at end of the period, represented by bank balances and cash	63,858	110,484

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2020

## 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 Cheong Street, Tokwawan, Kowloon, Hong Kong.

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

The unaudited condensed consolidated financial statements 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 Institute 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 GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing 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 2020.

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 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2020.

### ***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\$0.9 million (30 June 2020: approximately HK\$1.1 million) as at 31 December 2020 are all physically located in Hong Kong.

### Information about major customers

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

	For the three months ended 31 December		For the six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Customer A	2,247	514	4,049	767
Customer B	1,156	6,522	1,614	23,467
Customer C	6,408	11,222	8,328	39,203
Customer D	2,294	4,559	5,798	8,952
Customer E	6,408	–	13,412	–

## 4. (LOSS)/PROFIT BEFORE TAXATION

	For the three months ended 31 December		For the six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
(Loss)/Profit before taxation has been arrived at after charging:				
Auditor's remuneration	188	213	375	425
Directors' remuneration	694	875	1,388	1,749
Other staff costs:				
Salaries and other benefits	4,104	4,854	8,021	9,461
Retirement benefits scheme contributions	151	169	310	331
Total staff costs	4,949	5,898	9,719	11,541
Lease payments under operating leases in respect of land and buildings	406	487	885	967

## 5. OTHER INCOME

	For the three months ended 31 December		For the six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Bank interest income	–	412	–	548
Interest income on payment for a life insurance policy	77	35	157	79
Employment support scheme	944	–	2,133	–
	<b>1,021</b>	<b>447</b>	<b>2,290</b>	<b>627</b>

## 6. TAX INCOME/(EXPENSE)

	Three months ended 31 December		Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Hong Kong Profits Tax – current tax	202	(530)	–	(838)

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 2020 (31 December 2019: Nil).

## 8. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 31 December		Six months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>(Loss)/Earnings</b>				
(Loss)/Earnings attributable to owners of the Company	<b>(23,500)</b>	3,413	<b>(24,784)</b>	4,464
	2020 '000	2019 '000	2020 '000	2019 '000
<b>Number of shares</b>				
Weighted average number of ordinary Shares for the purpose of calculating basic earnings for share	<b>800,759</b>	800,759	<b>800,759</b>	800,759
Shares deemed to be issued in respect of share option	—	—	—	—
Weighted average number of ordinary shares for the purpose of calculating diluted earnings for share	<b>800,759</b>	800,759	<b>800,759</b>	800,759

## 9. PLANT AND EQUIPMENT

During the Relevant Period, the Group did not acquire property, plant and equipment (30 June 2020: HK\$Nil).

## 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:

	<b>31 December 2020 HK\$'000 (Unaudited)</b>	30 June 2020 HK\$'000 (Audited)
0-30 days	<b>13,430</b>	4,795
31-60 days	–	–
61-90 days	–	–
Over 180 days	–	–
	<b>13,430</b>	4,795

## 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:

	<b>31 December 2020 HK\$'000 (Unaudited)</b>	30 June 2020 HK\$'000 (Audited)
Trade payables:		
0-30 days	<b>6,542</b>	2,992
31-60 days	–	–
Over 180 days	<b>351</b>	2,334
	<b>6,893</b>	5,326

## 12. BANK BORROWINGS

	<b>31 December 2020 HK\$'000 (Unaudited)</b>	30 June 2020 HK\$'000 (Audited)
Revolving bank borrowings – repayable on demand	<b>5,000</b>	5,000

## 13. SHARE CAPITAL

### *The Company*

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

	<b>Number of shares</b>	<b>Nominal value HK\$'000</b>
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 30 June 2020 and 31 December 2020	<u>2,000,000,000</u>	<u>20,000</u>
<i>Issued and fully paid:</i>		
At 30 June 2020 and 31 December 2020	<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.

During the Relevant Period, the Group did not grant the share options (2019: Nil).

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

	<b>Number of share options</b>
At 1 July 2020	49,200,000
Granted during the period	–
Lapsed during the period	–
	<hr/>
At 31 December 2020	<u>49,200,000</u>

## 15. COMMITMENTS

As at 31 December 2020, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	<b>31 December 2020 HK\$'000 (Unaudited)</b>	30 June 2020 HK\$'000 (Audited)
Within 1 year	-	-
Later than 1 year and no later than 5 years	-	-
	-	-

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 2020 and 2019 are as follows:

	<b>Three months ended 31 December</b>		<b>Six months ended 31 December</b>	
	<b>2020 HK\$'000 (Unaudited)</b>	2019 HK\$'000 (Unaudited)	<b>2020 HK\$'000 (Unaudited)</b>	2019 HK\$'000 (Unaudited)
Short-term benefits	<b>689</b>	864	<b>1,379</b>	1,726
Post-employment benefits	<b>5</b>	11	<b>9</b>	23
	<b>694</b>	875	<b>1,388</b>	1,749

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in general building works and development and gardening of land 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.

During the period, the project managers have revised some of the project budget reports to include additional costs arising from variation orders and rectification works at the late stage, for which it was determined the Company could not make additional claims against the employers. Consequently, the gross margin of the 3 projects dropped significantly and the financial performance of the period was adversely affected. Due to the outbreak of COVID-19, a committed project has been delayed for two months and the project was finally started in early December 2020. The Group has also actively participated in tendering for construction projects in the market and have submitted about 30 tenders during the Relevant Period. The market competition is particularly keen. Despite that we have lowered down our profit margin in the tender submissions, we failed in winning new tenders. On the other hand, we have committed a project in Lin Tong Mei Village with contract sum amounting to HK\$215 million and a cash performance bond has been placed with the employer to secure the project.

The joint venture project in Sai Kung for which we carry out the businesses of the development and gardening of the land, we started preliminary land formation in a part of the land. As disclosed in the announcement dated 29 December 2020, the works were subsequently suspended by the Planning Department of HKSAR under their 'return to green' policy initiative. As there are uncertainties arising from the time required to obtain the relevant government official's approval, the return of the investment would only be realized after some years. In view of the above, the Board decided to dispose the project and to redirect the resources to other investments so as to improve the efficient application of working capital. This disposal will have no material effect on the financial results of the Company.

The Directors consider that the future opportunities in the construction business of the Group will be tied with the performance of the property market in Hong Kong. The recent outbreak of coronavirus has fueled uncertainties in the Hong Kong property market. The Directors hold a prudence view in our submission of tenders in new construction projects and will forgo to recklessly chase turnover for the Group to avoid any possible operation loss.

The Group continues to explore new business and investment opportunities that will generate additional returns to the shareholders of the Company. On 14 December 2020, the Group has signed a cooperation agreement with Kam Ning Development Company Limited. The Group expects that a number of investment projects may be introduced to the Group under the cooperation agreement, although no investment projects have materialized or concluded as yet. The Group considers that it is a promising opportunity for the Group to explore new businesses in Nanning City, Guangxi Zhuang Autonomous Region, China, and to diversify its businesses in an effort to improve profitability for the Group.

Looking forward, the Directors will continue to explore new businesses and investment opportunities that may generate additional return to the shareholders of our Group through acquisitions or strategic cooperation with different business partners.

## FINANCIAL REVIEW

### Revenue

Our revenue decreased from approximately HK\$155.3 million for the six months ended 31 December 2019 to approximately HK\$44.3 million for the six months ended 31 December 2020, representing a decrease of approximately 71.5%. Such decrease were partly due to a drop of construction orders being taken up during the period and were partly due to delay of a committed project, due to COVID-19. The delayed project finally started in early December 2020.

### Direct Cost

Our direct costs decreased from approximately HK\$138.9 million for the six months ended 31 December 2019 to approximately HK\$64.1 million for the six months ended 31 December 2020, representing a decrease of approximately 53.9%. Such decrease were due to the drop of revenue.

### Gross Profit

Gross profit of the Group decreased by 2.2 times from a profit of approximately HK\$16.4 million for the six months ended 31 December 2019 to a loss of approximately HK\$19.8 million for the six months ended 31 December 2020. The overall gross profit margin decrease from positive approximately 10.6% for the six months ended 31 December 2019 to negative approximately 44.7% for the six months ended 31 December 2020 was mainly due to the decrease in gross profit margin of certain projects and additional costs due to following up defected works and variation orders at the late stage in the completion of the projects during the Relevant Period.

### Administrative Expenses

Administrative expenses of the Group decreased by approximately 39.0% from approximately HK\$11.8 million for the six months ended 31 December 2019 to approximately HK\$7.2 million for the six months ended 31 December 2020. The decrease was mainly attributable to the decrease in staff costs, business entertainment, charitable donations and professional fees during the Relevant Period.

### Income Tax Expense

No income tax expense of the Group during the Relevant Period (31 December 2019: HK\$0.8 million), as the Group has recorded loss.

## **Profit/loss and total comprehensive expense for the six months ended 31 December 2019 attributable to owners of the Company**

Loss and total comprehensive expense for the period attributable to owners of the Company was approximately HK\$24.8 million (31 December 2019: profit and total comprehensive attributable to owners of the Company of approximately HK\$4.5 million). The cause of change was due to the delay of a committed projects for two months, due to COVID-19, additional costs arising from variation orders and rectification works at the late stage and revision of the project budget reports, for which it was determined the Company could not make additional claims against the employers.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group maintained a sound financial position during the six months ended 31 December 2020. As at 31 December 2020, the Group had bank balances and cash of approximately HK\$63.9 million (30 June 2020: approximately HK\$131.4 million) and pledged bank balances of approximately HK\$15.1 million (30 June 2020: approximately HK\$15.9 million). The total interest-bearing borrowings of the Group as at 31 December 2020 was approximately HK\$5.0 million (30 June 2020: approximately HK\$5.0 million). The current ratio as at 31 December 2020 was approximately 2.5 times (30 June 2020: approximately 2.8 times). The Group has placed a cash performance bond amounting to HK\$40.0 million with a employer to secure a project.

As at 31 December 2020, the Group had total assets of approximately HK\$213.3 million (30 June 2020: approximately HK\$242.2 million), which is financed by total liabilities and shareholders' equity (comprising share capital and reserves) of approximately HK\$78.5 million (30 June 2020: approximately HK\$82.6 million) and approximately HK\$134.8 million (30 June 2020: approximately HK\$159.6 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 2020, the Group recorded gearing ratio of approximately 3.7% (30 June 2020: approximately 3.1%), 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 2020. 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 2020, the Group pledged its bank deposits to a bank of approximately HK\$15.1 million (30 June 2020: approximately HK\$15.9 million) as collateral to secure bank facilities granted to the Group.

As at 31 December 2020, the Group pledged its deposits paid for a life insurance policy with an aggregate net book value of approximately HK\$9.3 million (30 June 2020: approximately HK\$9.3 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 2020, 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 2020.

As at 31 December 2020, 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**

As at 31 December 2020, the Group did not have any capital commitment (30 June 2020: 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 2020.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 29 December 2020, King Victory Investment Limited (the “**Vendor**”), Solar International Limited (“**Purchaser**”), Grand Paradise Development Company Limited (“**Grand Paradise**”) and Ace Shine Investment Development Limited (“**Ace Shine**”) have entered into the disposal agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire, the sale shares, representing 65% of the issued share capital of each of Grand Paradise and Ace Shine, at a total consideration of HK\$13,000,000. For details of the transaction, please refer to the announcement of the Company dated 29 December 2020.

## CONTINGENT LIABILITIES

As at 31 December 2020, performance guarantee of approximately HK\$Nil (30 June 2020: approximately HK\$Nil) 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 2020: Nil).

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group employed a total of 48 employees (31 December 2019: 45 employees). The staff costs, including Directors’ emoluments, of the Group were approximately HK\$9.7 million for the six months ended 31 December 2020 (31 December 2019: approximately HK\$11.5 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 2020.

## DISCLOSURE OF INTERESTS

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

As at 31 December 2020, 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	-	23,700,000	2.96%
Mr. Ko Chun Hay Kelvin	Beneficial Owner	189,500,000	-	23.69%
	Beneficial Owner	-	23,700,000	2.96%

Note:

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

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

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

Save as disclosed above, as at 31 December 2020, 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 2020, 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 (Note 1)	Beneficial owner	154,920,000		Long	19.37%

*Note 1:*

Mr. Lee Kin Kee ("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.

Save as disclosed above, as at 31 December 2020, 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 2020.

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

During the six months ended 31 December 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") in Appendix 15 of the GEM Listing Rules.

During the Relevant Period, the Company has complied with the CG Code.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of provisions of conduct regarding securities transactions by the Directors (the "**Code of Conduct**") on terms no less exacting than the required standards of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. 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 2020.

## DIVIDEND

The Board does not recommend the payment of on interim dividend for the six months ended 31 December 2020.

## 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. 49,200,000 share options were outstanding as at 31 December 2020.

Details of the movements of share options granted, exercised or cancelled/lapsed during the Relevant Period and outstanding as at 31 December 2020 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 2020	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Outstanding at 31 December 2020
Mr. Kwok Tung Keung	29 November 2017	0.371	0.385	29 November 2017 to 28 November 2022	7,900,000	-	-	-	7,900,000
	3 December 2018	0.307	0.300	3 December 2018 to 2 December 2023	7,900,000	-	-	-	7,900,000
	3 March 2020	0.245	0.245	1 January 2021 to 3 March 2023	7,900,000	-	-	-	7,900,000
Mr. Ko Chun Hay Kelvin	29 November 2017	0.371	0.385	29 November 2017 to 28 November 2022	7,900,000	-	-	-	7,900,000
	3 December 2018	0.307	0.300	3 December 2018 to 2 December 2023	7,900,000	-	-	-	7,900,000
	3 March 2020	0.245	0.245	1 January 2021 to 3 March 2023	7,900,000	-	-	-	7,900,000
Other employee	29 November 2017	0.371	0.385	29 November 2017 to 28 November 2022	500,000	-	-	-	500,000
	3 December 2018	0.307	0.300	3 December 2018 to 2 December 2023	1,000,000	-	-	-	1,000,000
	3 March 2020	0.245	0.245	1 January 2021 to 3 March 2023	300,000	-	-	-	300,000
Total					49,200,000	-	-	-	49,200,000

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed 5 years from the date of grant subject to the provisions of early termination thereof.

## 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. Ng Man Li 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 2020 and the effectiveness of internal control system.

By Order of the Board  
**Super Strong Holdings Limited**  
**Kwok Tung Keung**  
*Chairman*

Hong Kong, 8 February 2021

*As at the date of this report, the executive Directors are Mr. Kwok Tung Keung and Mr. Ko Chun Hay Kelvin; and the independent non-executive Directors are Mr. Donald William Sneddon, Mr. Ng Man Li and Ms. Wong Shuk Fong.*