

TARGET

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SUPER STRONG HOLDINGS LTD: SUPER STRONG, SUPER WEAK, OR JUST, UTTERLY, WEAK ?

It Would Be Very Unwise For Shareholders To Await Even The Consideration Of A Dividend

Without trying to be uncouth, the financial situation at Super Strong Holdings Ltd (宏強控股有限公司) (Code: 8262, The Growth Enterprise Market – The GEM – The Stock Exchange of Hongkong Ltd) is as far as one could imagine, being ‘*Super Strong*.’

The Financial Summary, found at Page 100 of the 2023 Annual Report of the Company, indicates, prima facie, the following statistics:

	For The Financial Year, Ended June 30		
	2023	2019	Percentage
	<u>\$HK'000</u>	<u>\$HK'000</u>	<u>Increase/(Decrease)</u>
Revenue:	116,132	507,796	(77.13)
Profit (Loss):	(14,081)	16,003	(187.99)
Profit/(Loss) Attributable To Shareholders Of The Company:	(14,079)	16,120	(187.34)
Total Equity (Shareholders' Funds):	103,674	164,179	(36.85)

THE CHAIRMAN'S STATEMENT

At Page Three of the 2023 Annual Report of Super Strong Holdings Ltd, Mr Kwok Tung Keung (郭棟強), the Chairman of the Board of Directors of the Company, had this to impart to shareholders of the Company:

‘With the reopening of societies worldwide after the challenging period of the COVID-19 pandemic, while there is cause for optimism, it is important to acknowledge that the global economy has not fully recovered as expected.

‘We have observed that the recovery of the China market, especially in the property sector, has been sluggish. The giant property developer in China has faced significant challenges, impacting the overall property market in

the country. Furthermore, the strained relationship between China and the United States has had adverse effects on growth and recovery, leading to a disruption in trade between these two major economies.

‘The current geopolitical landscape, including the ongoing Russia-Ukraine conflict and the tense situation on the Korean Peninsula, has also contributed to uncertainties in the worldwide economy. These factors have created a challenging environment for businesses across various sectors.

‘Moreover, the recent increase in interest rates by the US Federal Reserve has placed a heavy burden on the property market. As a main contractor in the Hong Kong property market, our Group has been significantly affected by these unfavorable factors. The construction market has become highly competitive, leading to thin profit margins.

*‘In light of the poor business environment in the China property market, characterized by the “**House is not for speculative**” policy and the challenges faced by the property developers, we have made the decision to place a hold on the construction contracts for providing labor and construction materials for a project in Guangxi Province, China. We expect that these contracts will be cancelled in the coming days.*

‘Instead, we are redirecting our efforts towards exploring opportunities in simple construction for property Modular Integrated Construction. By diversifying our focus, we aim to adapt to the changing market dynamics and mitigate the risks associated with the uncertain China property market...’.

Super Strong Holdings Ltd is said to be engaged in the provision of general building works as well as specialised building works. The principal activity of the Company is investment holding, however.

THE FINANCIALS OF SUPER STRONG HOLDINGS LTD

At Pages 54 and 55 of the 2023 Annual Report of Super Strong Holdings Ltd, one was introduced to the ‘**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**’ as follows:

	For The Financial Year, Ended June 30		Percentage Increase/(Decrease)*
	2023	2022	
	All Figures Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue	116,132	132,945	(12.65)
Gross Profit	6,021	7,734	(22.15)
Gross Profit Margin*	5.18 percent	5.82 percent	(11.00)
Loss From Operations	(13,994)	(11,026)	26.92
Loss Before Taxation	(14,076)	(11,224)	25.41
Loss For The Year	(14,081)	(11,958)	17.75
Net Loss Attributable To Shareholders Of The Company	(14,079)	(11,956)	17.76

Loss Per Share (basic and diluted)	(1.77) cents	(1.50) cents	18.00
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* These are **TARGET**'s calculations.

At Page 76 of the 2023 Annual Report of the Company, under Note Nine of the Notes to the Accounts, it is stated that Management had made '**Provision of allowance for bad and doubtful debts for contract assets:**'

2023	2022
_____ \$HK'000	_____ \$HK'000
(6,344)	Nil

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