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B & D Strategic Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1780)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the six months ended 30 September 2019 amounted to approximately HK\$203.5 million (six months ended 30 September 2018: approximately HK\$160.8 million).
- Gross profit margin of the Group for the six months ended 30 September 2019 was approximately 16.8% which was lower than that of the corresponding six months ended 30 September 2018 (six months ended 30 September 2018: approximately 20.5%).
- Profit before tax of the Group for the six months ended 30 September 2019 was approximately HK\$28.1 million (six months ended 30 September 2018: approximately HK\$17.1 million).
- Profit of the Group for the six months ended 30 September 2019 amounted to approximately HK\$23.4 million (six months ended 30 September 2018: approximately HK\$12.7 million).
- Basic earnings per share for the six months ended 30 September 2019 amounted to approximately HK cents 3.92 (six months ended 30 September 2018: approximately HK cents 2.73).
- The Board declares an interim dividend of HK cents 4.84 per share for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of B & D Strategic Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2019, together with the comparative figures for the corresponding six months ended 30 September 2018. The information contained in this announcement should be read in conjunction with the prospectus of the Company dated 13 April 2019 (the “**Prospectus**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

		Six months ended	
		30 September	
		2019	2018
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	4, 5	203,473	160,804
Direct costs		(169,323)	(127,873)
		<hr/>	<hr/>
Gross profit		34,150	32,931
Other income, other gains or losses	6	899	76
Listing expenses		–	(11,125)
Administrative expenses		(6,948)	(4,765)
Finance costs		(2)	–
		<hr/>	<hr/>
Profit before tax	8	28,099	17,117
Income tax expenses	7	(4,735)	(4,435)
		<hr/>	<hr/>
Profit and total comprehensive income for the period		23,364	12,682
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share			
— Basic (HK cents)	10	3.92	2.73
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

		As at 30 September 2019 <i>HK\$'000</i> (Unaudited)	As at 31 March 2019 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		15,627	4,063
Right-of-use assets		88	–
		15,715	4,063
Current assets			
Trade and other receivables, deposits and prepayments	11	54,942	34,247
Contract assets		83,074	76,095
Pledged bank deposits		27,511	21,263
Bank balances and cash		172,753	61,121
		338,280	192,726
Current liabilities			
Trade and other payables	12	61,696	43,095
Contract liabilities		–	3,028
Lease liabilities		70	–
Taxation liabilities		7,845	3,559
		69,611	49,682
Net current assets		268,669	143,044
Net assets		284,384	147,107
Capital and reserves			
Share capital		6,200	–*
Reserves		277,312	146,702
Equity attributable to owners of the Company		283,512	146,702
Non-current liabilities			
Deferred tax liabilities		854	405
Lease liabilities		18	–
Total equity		284,384	147,107

* Amount less than HK\$1,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. GENERAL INFORMATION

B & D Strategic Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 24 April 2018 and its shares have been listed on Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effective from 30 April 2019 (the “**Listing**”). Its registered office is located at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is located at Room 2803–2803A, Asia Trade Centre, 79 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.

The Company is an investment holding company. The businesses of the Company and its subsidiaries (collectively referred to as the “**Group**”) are mainly conducted through three major operating subsidiaries, namely, (i) Ka Shun Civil Engineering Company Limited (“**Ka Shun Civil Engineering**”), (ii) Ka Shun Contractors Limited (“**Ka Shun Contractors**”); and (iii) Ka Construction Company Limited (“**Ka Construction**”); and are principally engaged in provision of services on alteration and addition works (including alteration and addition of building layout and structural works that comprising design of new structural works, fitting-out works, changes in facilities configuration, construction of a new extensive to existing buildings, conversion of an existing buildings, conversion of an existing building to different type, etc.) and civil engineering works in Hong Kong.

As at 30 September 2019, the ultimate controlling party of the Group is Mr. Tang Wing Kwok (“**Mr. Tang**”). In the opinion of the directors of the Company, the immediate and ultimate holding company of the Group is Sky Winner Holdings Limited (“**Sky Winner**”), a company incorporated in the British Virgin Islands (“**BVI**”).

The unaudited condensed consolidated financial statements (the “**Interim Financial Information**”) is presented in Hong Kong Dollar (“**HK\$**”), which is the same as the functional currency of the Group.

2. BASIS OF PREPARATION

The Interim Financial Information for the six months ended 30 September 2019 and 2018 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The Interim Financial Information does not include all of the information required in annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 March 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by HKICPA, the accounting policies and methods of computation used in the Interim Financial Information for the six months ended 30 September 2019 are the same as those followed in the preparation of the annual consolidated financial statements of the Group for the year ended 31 March 2019.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and certain amendments to HKFRSs which are mandatorily effective for the annual period beginning on or after 1 April 2019 for the preparation of the Interim Financial Information:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the Interim Financial Information.

Impacts and changes in accounting policies of application of HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 *Leases* (the “**HKAS 17**”), and the related interpretations.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid lease payments by applying HKFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 3.5%.

	At 1 April 2019 HK\$'000
Operating lease commitments disclosed as at 31 March 2019	465
Lease liabilities discounted at relevant incremental borrowing rates	(7)
Less: Recognition exemption — short-term leases	(336)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	122
Analysed as	
Current portion	69
Non-current portion	53
Lease liabilities as at 1 April 2019	122

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Right-of-use assets HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	122
By class:	
Buildings	122

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	<i>Note</i>	Carrying amount previously reported at 31 March 2019 HK\$'000	Adjustments HK\$'000	Carrying amount under HKFRS 16 at 1 April 2019 HK\$'000
Non-current assets				
Right-of-use assets		–	122	122
Current liabilities				
Lease liabilities	<i>(a)</i>	–	(69)	(69)
Non-current liabilities				
Lease liabilities	<i>(a)</i>	–	(53)	(53)

Note:

- (a) As at 1 April 2019, current lease liabilities and non-current lease liabilities of HK\$69,000 and HK\$53,000 were recognised respectively.

4. REVENUE

Disaggregation of revenue from contracts with customers

Revenue of the Group represents the fair value of amounts received and receivable from the provision of services on alteration and addition works and civil engineering works in Hong Kong (all being recognised over time under long-term contracts in Hong Kong) during the six months ended 30 September 2019 and 2018.

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Contract revenue from provision of services on alteration and addition works	76,514	123,165
Contract revenue from provision of services on civil engineering works	126,959	37,639
	<u>203,473</u>	<u>160,804</u>

5. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the “CODM”), being the executive directors of the Company, in order for CODM to allocate resources and assess performance. No operating segments identified by the CODM have been aggregated in arriving at the reporting segments of the Group.

Specifically, the Group’s reporting and operating segments under HKFRS 8 *Operating Segments* are as follows:

- Alteration and addition works; and
- Civil engineering works.

The CODM makes decisions according to the operating results of each segment. No analysis of segment assets and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Segment revenue and profit

The following is an analysis of the Group's revenue and results by operating segments:

For the six months ended 30 September 2019

	Alteration and addition works <i>HK\$'000</i> (Unaudited)	Civil engineering works <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue — external	<u>76,514</u>	<u>126,959</u>	<u>203,473</u>
Segment results	<u>10,932</u>	<u>23,218</u>	34,150
Other income, other gains or losses			899
Administrative expenses			(6,948)
Finance costs			(2)
Profit before tax			<u>28,099</u>

For the six months ended 30 September 2018

	Alteration and addition works <i>HK\$'000</i> (Unaudited)	Civil engineering works <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue — external	<u>123,165</u>	<u>37,639</u>	<u>160,804</u>
Segment results	<u>26,065</u>	<u>6,866</u>	32,931
Other income, other gains or losses			76
Listing expenses			(11,125)
Administrative expenses			(4,765)
Profit before tax			<u>17,117</u>

6. OTHER INCOME, OTHER GAINS OR LOSSES

	Six months ended 30 September	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
Bank interest income	599	19
Gain on disposal of property, plant and equipment, net	202	7
Others	98	50
	<u>899</u>	<u>76</u>

7. INCOME TAX EXPENSE

	Six months ended	
	30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong	4,286	4,515
Deferred tax	449	(80)
	<u>4,735</u>	<u>4,435</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 September 2019 (six months ended 30 September 2018: 16.5%).

Commencing from year ended 31 March 2019, the assessable profits of a Hong Kong incorporated subsidiary (as elected by the management) is subject to the two-tiered profits tax rates regime which was effective on 28 March 2018 that the first HK\$2 million of assessable profits will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The Hong Kong Profits Tax of other Hong Kong incorporated subsidiaries is calculated at 16.5% of their respective estimated assessable profits for the six months ended 30 September 2019.

8. PROFIT BEFORE TAX

	Six months ended	
	30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit before tax has been arrived at after charging:		
Staff costs (including directors' emoluments):		
Salaries and other benefits	10,544	16,192
Retirement benefit scheme contributions	389	652
	<u>10,933</u>	<u>16,844</u>
Auditor's remuneration	500	350
Minimum lease payments under operating leases in respect of:		
— properties and warehouse	157	585
— plant and machinery	337	1,083
Depreciation of property, plant and equipment	2,852	1,370
Depreciation of right-of-use assets	34	–
	<u>34</u>	<u>–</u>

9. DIVIDENDS

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interim dividend proposed after the end of the reporting period	<u>30,000</u>	<u>–</u>

On 26 November 2019, the Board has declared an interim dividend of HK cents 4.84 per share for the six months ended 30 September 2019 payable on or around 8 January 2020 to owners of the Company whose names appear on the register of members of the Company on 13 December 2019. The amount of interim dividend declared was calculated based on the number of ordinary shares in issue at the date of approval of the Interim Financial Information. The interim dividend has not been recognised as a liability in this Interim Financial Information.

10. EARNINGS PER SHARE

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to the owners of the Company)	<u>23,364</u>	<u>12,682</u>
	Number of shares '000 (Unaudited)	Number of shares '000 (Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>595,437</u>	<u>465,000</u>

The weighted average number of ordinary shares for the purpose of calculating basic earning per share has been adjusted for the issuance of 155,000,000 ordinary shares pursuant to the Share Offer on 30 April 2019 and on the assumption that the Reorganisation and the Capitalisation Issue (as defined in the annual consolidated financial statements of the Group for the year ended 31 March 2019) had been effective on 1 April 2018.

No diluted earnings per share is presented for both periods as there was no potential ordinary share in issue.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 September 2019 <i>HK\$'000</i> (Unaudited)	31 March 2019 <i>HK\$'000</i> (Audited)
Trade receivables	45,836	20,551
Advances to sub-contractors and suppliers	6,362	5,512
Deferred issue costs	–	5,697
Other receivables	1,449	970
Prepayments and deposits	1,295	1,517
	<u>54,942</u>	<u>34,247</u>

Trade receivables

The Group allows generally a credit period ranging from 30 to 90 days to its customers. The following is an aged analysis of trade receivables from contracts with customers presented based on dates of work certified at the end of each reporting period, net of allowance for credit loss.

	30 September 2019 <i>HK\$'000</i> (Unaudited)	31 March 2019 <i>HK\$'000</i> (Audited)
1–30 days	20,261	20,111
31–60 days	23,190	440
61–90 days	–	–
Over 90 days	2,385	–
	<u>45,836</u>	<u>20,551</u>

12. TRADE AND OTHER PAYABLES

	30 September 2019 <i>HK\$'000</i> (Unaudited)	31 March 2019 <i>HK\$'000</i> (Audited)
Trade payables	45,821	18,428
Retention payables	11,191	10,438
Staff costs payables	2,808	2,752
Accrued issue costs	–	8,421
Other payables	1,876	3,056
	<u>61,696</u>	<u>43,095</u>

The following is an aged analysis of trade payables presented based on the invoice dates at the end of the reporting period:

	30 September 2019 <i>HK\$'000</i> (Unaudited)	31 March 2019 <i>HK\$'000</i> (Audited)
1–30 days	31,869	13,167
31–60 days	13,952	5,261
61–90 days	–	–
Over 90 days	–	–
	<u>45,821</u>	<u>18,428</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

We are a contractor specialising in alteration and addition works and civil engineering works in Hong Kong. In order to emphasise the specification on different fields of construction works, among our principal operating subsidiaries, Ka Shun Contractors mainly focuses on the provision of services on alteration and addition works, while Ka Shun Civil Engineering and Ka Construction mainly focus on the provision of services on civil engineering works generally include site formation and foundation works.

We have obtained all material licenses, permits and registration required for carrying on our business activities, including the Registered General Building Contractors and Specialist Contractors — Site Formation Works granted by the Buildings Department; the Approved Contractors for Public Works (Roads and Drainage) and the Approved Contractors for Public Works (Site Formation) granted by Works Branch of the Development Bureau of the Government of Hong Kong; and Subcontractor Registration Scheme of the Construction Industry Council under the group of concreting formwork, reinforcement bar fixing, concreting and general civil works.

The shares of the Company (the “**Shares**”) were listed on the Main Board of the Stock Exchange on 30 April 2019, when 155,000,000 ordinary shares (comprising a public offer of 31,000,000 shares and placing of 124,000,000 shares) had been offered for subscription, at an offer price of HK\$0.84 per Share. The proceeds received from the share offer have strengthened the Group’s cash flow and the Group will implement its future plans as set out in the section headed “Future Plans and Use of Proceeds” to the Prospectus.

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately HK\$160.8 million for the six months ended 30 September 2018 to approximately HK\$203.5 million for the six months ended 30 September 2019, representing an increase of approximately 26.5%.

The increase was primarily attributable from an award of a civil engineering project in a relatively large scale during the six months ended 30 September 2019.

Direct Costs

Our direct costs increased from approximately HK\$127.9 million for the six months ended 30 September 2018 to approximately HK\$169.3 million for the six months ended 30 September 2019, representing an increase of approximately 32.4%. Such increase in direct costs was attributable from a significant increase in subcontracting costs as a result of the increase in the use of subcontractors, instead of direct labour, because of the nature and technical needs of contract works.

Gross Profit and Gross Profit Margin

Our gross profit amounted to approximately HK\$32.9 million and approximately HK\$34.2 million for the six months ended 30 September 2018 and the six months ended 30 September 2019 respectively, representing an increase of approximately 3.7%. The increase in our gross profit was primarily attributable from profit generated from a civil engineering project in a relatively large scale during the six months ended 30 September 2019.

The gross profit margin of alteration and addition works segment decreased from approximately 21.2% for the six months ended 30 September 2018 to approximately 14.3% for the six months ended 30 September 2019. The decrease was mainly because (i) higher gross profit margin for the core construction works of an alteration and addition works project has been recognised in the six months ended 30 September 2018, which was in completion stage in the six months ended 30 September 2019; and (ii) several new alteration and addition works projects with different scale in size were in initial stages which generated a lower profit margin during the six months ended 30 September 2019.

The gross profit margin of civil engineering works segment was approximately 18.2% for the six months ended 30 September 2018 and approximately 18.3% for the six months ended 30 September 2019. The gross profit margin was generally stable during the six months ended 30 September 2019 and 2018.

Other Income, Other Gains or Losses

Our other income, other gains or losses increased from approximately HK\$76,000 for the six months ended 30 September 2018 to approximately HK\$899,000 for the six months ended 30 September 2019. Such difference was mainly due to the increase of interest income arising from placing of fixed deposit during the six months ended 30 September 2019.

Administrative Expenses

Our administrative expenses increased from approximately HK\$4.8 million for the six months ended 30 September 2018 to approximately HK\$6.9 million for the six months ended 30 September 2019, representing an increase of approximately 45.8%. Such increase was mainly due to the post-listing expenses incurred to maintain the listing status of the Company, including share registration services, professional fees and financial printing fee, etc., for the six months ended 30 September 2019 while no such expenses incurred for the six months ended 30 September 2018.

Income Tax Expenses

Our profit before tax increased from approximately HK\$17.1 million for the six months ended 30 September 2018 to approximately HK\$28.1 million for the six months ended 30 September 2019, which was mainly attributable to the net effect of (i) the increase in revenue and gross profit as discussed above; (ii) the recognition of listing expenses of approximately HK\$11.1 million during the six months ended 30 September 2018 while no such expenses was recognised during the six months ended 30 September 2019; and (iii) the increase in the administrative expenses as discussed above.

Following the increase in our profit before tax, our income tax expense increased from approximately HK\$4.4 million for the six months ended 30 September 2018 to approximately HK\$4.7 million for the six months ended 30 September 2019 as a result of the net effect of (i) the increase in revenue and gross profit as discussed above; (ii) the tax effect of non-deductible listing expenses for the six months ended 30 September 2018; and (iii) the increase in the administrative expenses as discussed above.

Profit and Total Comprehensive Income for the Period

Our profit and total comprehensive income for the period attributable to owners of the Company increased from approximately HK\$12.7 million for the six months ended 30 September 2018 to approximately HK\$23.4 million for the six months ended 30 September 2019, which was mainly due to the net effect of (i) the increase in the gross profit as discussed above; (ii) the recognition of listing expenses of approximately HK\$11.1 million during the six months ended 30 September 2018 while no such expenses was recognised during the six months ended 30 September 2019; and (iii) the increase in the administrative expenses as discussed above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2019, the Company's issued capital was HK\$6.2 million and the number of its issued ordinary shares was 620,000,000 shares of HK\$0.01 each.

As at 30 September 2019, the Group had total cash and cash equivalents and pledged bank deposits of approximately HK\$172.8 million and approximately HK\$27.5 million respectively (31 March 2019: approximately HK\$61.1 million and approximately HK\$21.3 million respectively).

The Group has funded the liquidity and capital requirements primarily through capital contributions and cash inflow generated from operating activities for the six months ended 30 September 2019 as well as the proceeds received from the Share Offer by listing of the Company's share.

FOREIGN EXCHANGE EXPOSURES

As the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Directors are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange exposure for the six months ended 30 September 2019 as well as for the six months ended 30 September 2018.

GEARING RATIO

Gearing ratio is calculated as total borrowings divided by total equity at the period end date and expressed as a percentage. The gearing ratio of the Group as at 30 September 2019 remained nil (31 March 2019: Nil).

DEBTS AND CHARGES ON ASSETS

The Group had no debts and charges on assets as at 30 September 2019 and 31 March 2019.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2019, the Group had no material capital commitments and contingent liabilities (31 March 2019: Nil).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the six months ended 30 September 2019, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries and associated companies.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed under the section headed “Future Plans and Use of Proceeds” in the Prospectus, there was no other plans for material investments or capital assets as at 30 September 2019.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS

The Listing of the Company’s shares has commenced on the Stock Exchange on 30 April 2019 (the “**Listing Date**”). The net proceeds from the initial public offering amounted to approximately HK\$96.7 million, which will be applied by the Group in accordance with the disclosure as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus.

Up to the date of this announcement, details of the use of the proceeds are listed as below:

	Planned use of proceed HK\$'000	Actual usage up to the date of this announcement HK\$'000
Strengthening our financial position	77,428	77,428
Expanding our workforce	10,840	69
Enhancing our machinery fleet		
— Replacing NRMM exempted machinery	4,162	4,162
General working capital	4,355	4,355
	<u>96,785</u>	<u>86,014</u>

As at the date of this announcement, the unutilised proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong. The Directors regularly evaluate the Group's business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. Up to the date of this announcement, the Directors considered that no modification of the use of proceeds described in the Prospectus was required.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2019, we employed a total of 62 full-time employees (including two executive Directors but excluding three independent non-executive Directors), as compared to a total of 83 full-time employees as at 30 September 2018. The remuneration packages that the Group offers to employees includes salary, discretionary bonuses, staff benefits, contributions and retirement schemes as well as other cash subsidies. In general, the Group determines employee's salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its decisions with respect to salary raises, bonuses and promotions. The total staff cost incurred by the Group for the six months ended 30 September 2019 was approximately HK\$10.9 million compared to approximately HK\$16.8 million in the corresponding six months ended 30 September 2018.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK cents 4.84 per share for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil), which will be payable on or around Monday, 8 January 2020 to Shareholders whose names appear on the register of members of the Company (the "**Register of Members**") on Friday, 13 December 2019.

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to interim dividend, the Register of Members will be closed from Tuesday, 10 December 2019 to Friday, 13 December 2019 (both days inclusive) during which no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Monday, 9 December 2019.

EVENTS AFTER THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Save as disclosed in this announcement, the Board is not aware of any significant event requiring disclosure that has been occurred after 30 September 2019 and up to the date of this announcement.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SECURITIES

As at the date of this announcement, the interest and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of the 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 have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code, notified to the Company and the Stock Exchange were as follow:

(i) Long position in the Shares

Name of Director	Capacity/ Nature of interest	Number of Shares held/interested	Percentage of shareholding
Mr. Tang Wing Kwok (Note 1)	Interest in controlled corporation	465,000,000	75%
Mr. Lo Wing Hang (Note 2)	Interest in controlled corporation	465,000,000	75%

Notes:

1. These 465,000,000 Shares are held by Sky Winner Holdings Limited. Mr. Tang Wing Kwok beneficially owns 69.48% of the entire issued share capital of Sky Winner Holdings Limited, which in turn beneficially owns 52.11% shareholding in the Company. Therefore, Mr. Tang Wing Kwok is deemed, or taken to be, interested in all our Shares held by Sky Winner Holdings Limited for the purpose of the SFO. Mr. Tang Wing Kwok is the chairman, an executive Director and the chairman of the nomination committee of the Company. Mr. Tang Wing Kwok is also a director of Sky Winner Holdings Limited.
2. These 465,000,000 Shares are held by Sky Winner Holdings Limited. Mr. Lo Wing Hang beneficially owns 30.52% of the entire issued share capital of Sky Winner Holdings Limited, which in turn beneficially owns 22.89% shareholding in the Company. Therefore, Mr. Lo Wing Hang is deemed, or taken to be, interested in all our Shares held by Sky Winner Holdings Limited for the purpose of the SFO. Mr. Lo Wing Hang is the vice-chairman, the chief executive officer, an executive Director and a member of the remuneration committee of the Company. Mr. Lo Wing Hang is also a director of Sky Winner Holdings Limited.

(ii) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/ Nature	Number of shares held	Percentage of shareholding
Mr. Tang Wing Kwok	Sky Winner Holdings Limited	Beneficial owner	6,948	69.48%
Mr. Lo Wing Hang	Sky Winner Holdings Limited	Beneficial owner	3,052	30.52%

Substantial shareholders' interests and short positions in Shares and underlying Shares

As at the date of this announcement, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to the Section 336 of the SFO, or which would be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

Name of Shareholder	Capacity/ Nature of interest	Number of Shares held/ interested in	Percentage of shareholding
Sky Winner Holdings Limited	Beneficial interest	465,000,000	75%
Ms. Lam Ah Yee (<i>Note 1</i>)	Spouse interest	465,000,000	75%
Ms. Chan Wai Ching Rebecca (<i>Note 2</i>)	Spouse interest	465,000,000	75%

Notes:

1. Ms. Lam Ah Yee is the spouse of Mr. Tang Wing Kwok. Accordingly, Ms. Lam Ah Yee is deemed, or taken to be interested in all 465,000,000 Shares in which Mr. Tang Wing Kwok is interested for the purpose of the SFO.
2. Ms. Chan Wai Ching Rebecca is the spouse of Mr. Lo Wing Hang. Accordingly, Ms. Chan Wai Ching Rebecca is deemed, or taken to be interested in all 465,000,000 Shares in which Mr. Lo Wing Hang is interested for the purpose of the SFO.

Save as disclosed above, as at the date of this announcement, the Directors were not aware of any person or corporation (other than the Directors and the chief executives) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO, or pursuant to section 336 of the SFO, which would have to be recorded in the register referred to therein.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the principles and all relevant code provisions as set out under the Corporate Governance Code (the “**CG code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). As the Shares were not listed on the Main Board of the Stock Exchange until 30 April 2019, the CG Code provisions were not applicable to the Company before the Listing Date. To the best of the knowledge of the Board, the Company has complied with the CG code since the Listing Date and up to the date of this announcement. The Directors will periodically review on the Company’s corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the code provisions from time to time.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as a code of conduct of the Company regarding Directors’ securities transactions since the Listing Date and up to the date of this announcement. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code since the Listing Date and up to the date of this announcement.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the sole shareholder of the Company on 4 April 2019, the Company adopted a share option scheme (the “**Share Option Scheme**”) with effect from 4 April 2019. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules and are summarised in the Prospectus. The main purpose of the Share Option Scheme is to motivate employees to optimise their performance efficiency for the benefit of the Company, to attract and retain best available personnel, to provide additional incentive to employees (full time or part time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote success of the business of the Group.

No share options had been granted under the Share Option Scheme since the adoption of the Scheme. During the period between the adoption date of the Share Option Scheme and the date of this announcement, no share option has been granted, exercised, cancelled or lapsed. As at the date of this announcement, the total number of shares available for issue under the Share Option Scheme was 62,000,000, representing 10% of the entire issued share capital of the Company.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 September 2019.

COMPETING INTERESTS

The Directors confirm that none of the controlling shareholders of the Company or the Directors and their respective close associates (as defined in the Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business during the six months ended 30 September 2019 and up to the date of this announcement, and that is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules during the six months ended 30 September 2019 and up to the date of this announcement.

AUDIT COMMITTEE

The audit committee (the "**Audit Committee**") of the Board was established on 4 April 2019. The Audit Committee consists of three independent non-executive Directors, namely Mr. Yeung Tze Long, Mr. Cheung Ting Kin and Mr. Yiu Chun Wing. Mr. Yeung Tze Long currently serves as the chairman of the Audit Committee.

The interim financial results of the Group for the six months ended 30 September 2019 are unaudited but have been reviewed and approved by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

Publication of Interim Results Announcement and Interim Report

This results announcement is published on the Company's website at www.bnd-strategic.com.hk and the website of the Stock Exchange at www.hkexnews.hk. The interim report of the Company for the six months ended 30 September 2019 will be despatched to shareholders of the Company and available on the same websites in due course.

Appreciation

The Board would like to take this opportunity to express its sincere gratitude to the management team and staff for their hard work and contributions, and to its shareholders, investors and business partners for their trust and support.

By Order of the Board
B & D Strategic Holdings Limited
Tang Wing Kwok
Chairman and Executive Director

Hong Kong, 26 November 2019

As at the date of this announcement, the Board comprises Mr. Tang Wing Kwok and Mr. Lo Wing Hang as executive Directors; and Mr. Yeung Tze Long, Mr. Yiu Chun Wing and Mr. Cheung Ting Kin as independent non-executive Directors.