

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



B & D Strategic Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1780)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2021**

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 March 2021 amounted to approximately HK\$218.7 million (2020: approximately HK\$441.9 million).
- Gross loss margin of the Group for the year ended 31 March 2021 was at approximately 14.0% (2020: gross profit margin of approximately 11.6%).
- Loss before tax of the Group for the year ended 31 March 2021 was approximately HK\$41.7 million (2020: profit before tax of approximately HK\$36.4 million).
- Loss of the Group for the year ended 31 March 2021 amounted to approximately HK\$39.9 million (2020: profit of approximately HK\$30.9 million).
- Basic loss per share amounted to approximately HK cents 6.44 (2020: basic earnings per share of approximately HK cents 5.08).
- The Board did not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of B & D Strategic Holdings Limited (the “**Company**”) is pleased to present the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2021, together with the comparative figures for the corresponding year ended in 31 March 2020. The information contained in this announcement should be read in conjunction with the prospectus of the Company dated 13 April 2019 (the “**Prospectus**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	3, 4	218,746	441,853
Direct costs		(249,362)	(390,702)
Gross (loss) profit		(30,616)	51,151
Other income	5	3,675	1,745
Other gains	5	446	485
Impairment loss on other receivables and contract assets under expected credit loss model, net of reversal		(1,560)	–
Administrative expenses		(13,671)	(16,970)
Finance costs		(4)	(3)
(Loss) profit before tax	7	(41,730)	36,408
Income tax credit (expense)	6	1,784	(5,544)
(Loss) profit and total comprehensive (expense) income for the year		(39,946)	30,864
(Loss) earnings per share	9		
— Basic (HK cents)		(6.44)	5.08

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,559	14,693
Right-of-use assets		–	54
Other receivable	<i>10</i>	–	6,696
		<u>1,559</u>	<u>21,443</u>
Current assets			
Trade and other receivables, deposits and prepayments	<i>10</i>	14,701	20,670
Contract assets		81,831	120,950
Tax recoverable		2,669	788
Pledged bank deposits		–	16,963
Bank balances and cash		183,489	150,120
		<u>282,690</u>	<u>309,491</u>
Current liabilities			
Trade, retention and other payables	<i>11</i>	59,068	68,321
Lease liabilities		–	53
Provision	<i>12</i>	4,115	–
Tax liabilities		–	14
		<u>63,183</u>	<u>68,388</u>
Net current assets		<u>219,507</u>	<u>241,103</u>
Total assets less current liabilities		<u>221,066</u>	<u>262,546</u>
Capital and reserves			
Share capital		6,200	6,200
Reserves		214,866	254,812
Equity attributable to owners of the Company		<u>221,066</u>	<u>261,012</u>
Non-current liabilities			
Deferred tax liabilities		–	1,534
Total equity		<u>221,066</u>	<u>262,546</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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. Its registered office is located at Windward 3, Regatta Office Park, PO Box 1350, 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 involved 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.

The ultimate controlling party of the Group is Mr. TANG Wing Kwok. In the opinion of the directors of the Company, the immediate holding company of the Group is Sky Winner Holdings Limited, a company incorporated in the British Virgin Islands.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the same as the functional currency of the Company and its subsidiaries.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ⁵
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ⁵
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁵
Amendments to HKAS 8	Definition of Accounting Estimates ⁵
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ⁴
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ⁴

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 April 2021

⁴ Effective for annual periods beginning on or after 1 January 2022

⁵ Effective for annual periods beginning on or after 1 January 2023

⁶ Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

(i) 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 recognised over time under construction contracts in Hong Kong) during the year.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Contract revenue from provision of services on alteration and addition works	61,469	174,788
Contract revenue from provision of services on civil engineering works	157,277	267,065
	<u>218,746</u>	<u>441,853</u>

(ii) Performance obligations for contracts with customers

Revenue from provision of services on alteration and addition works and civil engineering works under long-term contracts with customers is mainly derived from fixed-price contracts with customers, such as landlords, construction companies and contractors in Hong Kong. Such contracts are entered into before the services begin. Under the terms of contracts, the Group is contractually required to perform alteration and addition works and civil engineering works at the customers' specified sites that the Group's performance creates or enhances an asset that the customers control as the Group performs.

Revenue from provision of services on alteration and addition works and civil engineering works is therefore recognised over time using output method, i.e. based on surveys of alteration and addition works and civil engineering works completed by the Group to date as certified by architects, surveyors or other representatives appointed by the customers or estimated with reference to the progress payment application submitted by the Group to the customers in relation to the works completed by the Group that best depicts the Group's performance in transferring control of services.

These construction contracts normally require payments be measured and made on monthly basis and certain construction contracts require customers to make upfront payments before construction commence, and it gives rise to the contract liabilities until revenue recognised on the specific contract exceeds the amount of such upfront payments. According to the relevant construction contracts with the customers, the Group is required to provide repairs to fix up quality problems, if any, during the defect liability period as specified in the construction contracts.

A contract asset is recognised over the period in which the services on alteration and addition works and civil engineering works are performed and are transferred to trade receivables when the rights become unconditional, being the contracts for unconditional payments except for passage of time are reached.

4. 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"), 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 results

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

For the year ended 31 March 2021

	Alteration and addition works <i>HK\$'000</i>	Civil engineering works <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue — external	<u>61,469</u>	<u>157,277</u>	<u>218,746</u>
Segment results	<u>(5,051)</u>	<u>(27,125)</u>	(32,176)
Other income and other gains			4,121
Administrative expenses			(13,671)
Finance costs			<u>(4)</u>
Loss before tax			<u>(41,730)</u>

For the year ended 31 March 2020

	Alteration and addition works <i>HK\$'000</i>	Civil engineering works <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue — external	<u>174,788</u>	<u>267,065</u>	<u>441,853</u>
Segment results	<u>21,706</u>	<u>29,445</u>	51,151
Other income and other gains			2,230
Administrative expenses			(16,970)
Finance costs			<u>(3)</u>
Profit before tax			<u>36,408</u>

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment results represent the loss/profit before tax incurred/earned by each segment without allocation of other income and other gains, administrative expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

5. OTHER INCOME AND OTHER GAINS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other income:		
Interest income	735	1,745
Government grants	<u>2,940</u>	<u>–</u>
	<u>3,675</u>	<u>1,745</u>
Other gains:		
Gain on disposal of property, plant and equipment, net	446	208
Others	<u>–</u>	<u>277</u>
	<u>446</u>	<u>485</u>

During the year, the Group recognised government grants of HK\$2,940,000 in respect of COVID-19-related subsidies, of which HK\$2,900,000 and HK\$40,000 relate to Employment Support Scheme and One-off subsidy for Transport Trades respectively provided by the Hong Kong government.

6. INCOME TAX CREDIT (EXPENSE)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax:		
Hong Kong	–	(4,890)
Overprovision in prior years	250	475
Deferred tax	<u>1,534</u>	<u>(1,129)</u>
	<u>1,784</u>	<u>(5,544)</u>

No provision for Hong Kong Profits Tax is provided as the Company and its subsidiaries do not have assessable profits for the year ended 31 March 2021. Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2020.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for the year ended 31 March 2020.

7. (LOSS) PROFIT BEFORE TAX

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
(Loss) profit before tax has been arrived at after charging:		
Staff costs (including directors' emoluments):		
— Salaries and other benefits	21,763	22,660
— Discretionary bonus	4,611	4,206
— Retirement benefit scheme contributions	828	812
	<u>27,202</u>	<u>27,678</u>
Auditor's remuneration	1,254	1,477
Depreciation of property, plant and equipment	4,277	4,638
Depreciation of right-of-use assets	54	68
	<u>54</u>	<u>68</u>

8. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
— 2021 Interim: Nil (2020 Interim — HK4.84 cents per share)	—	30,000
	<u>—</u>	<u>30,000</u>

The directors of the Company do not recommend the payment of a final dividend for ordinary shares in respect of the year ended 31 March 2021 (2020: Nil).

9. (LOSS) EARNINGS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
(Loss) earnings for the purpose of calculating basic (loss) earnings per share ((Loss) profit for the year attributable to the owners of the Company)	(39,946)	30,864
	<u>(39,946)</u>	<u>30,864</u>
	No. of shares <i>'000</i>	No. of shares <i>'000</i>
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	620,000	607,719
	<u>620,000</u>	<u>607,719</u>

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

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	135	15,640
Advances to sub-contractors and suppliers	6,335	2,492
Prepayments and deposits	1,089	1,473
Other receivables	7,155	7,761
Less: Allowance of credit loss for other receivables	<u>(13)</u>	<u>–</u>
	14,701	27,366
Less: Non-current portion	<u>–</u>	<u>(6,696)</u>
Current portion	<u>14,701</u>	<u>20,670</u>

Trade receivables

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of the existing customers is reviewed by the directors of the Company regularly.

The Group allows generally a credit period ranging from 30 to 90 days (2020: from 30 to 90 days) to its customers.

The following is an aged analysis of trade receivables presented based on dates of work certified at the end of the reporting period, net of allowance for credit losses.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
1–30 days	135	15,227
31–60 days	<u>–</u>	<u>413</u>
	<u>135</u>	<u>15,640</u>

11. TRADE, RETENTION AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	39,077	47,600
Retention payables	11,152	13,777
Staff costs payables	6,571	3,827
Other payables	<u>2,268</u>	<u>3,117</u>
	<u>59,068</u>	<u>68,321</u>

Trade payables

The credit period of trade payables granted by the Group's suppliers are usually within 60 days.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
1-30 days	27,769	43,096
31-60 days	11,230	4,504
61-90 days	78	-
	<u>39,077</u>	<u>47,600</u>

12. PROVISION

As at 31 March 2021, a provision of HK\$4,115,000 was made for unavoidable foreseeable loss in respect of a civil engineering contract which became onerous due to substantial additional costs for the change of design and construction plan in December 2020 to catch up with the delay of the civil engineering works arising from the continuous impact of the COVID-19 pandemic. The directors of the Company expect the relevant civil engineering works under the contract will be completed in December 2021.

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 alteration and addition works, while Ka Shun Civil Engineering and Ka Construction mainly focus on the provision of civil engineering works which generally include site formation works 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 the 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) both under Group B (probationary) 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 (the “**Listing Date**”), 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 (the “**Share Offer**”). The proceeds are intended to apply on the Group’s future plans as set out in the section headed “Future Plans and Use of Proceeds” to the Prospectus.

As at 31 March 2021, the Group had 7 contracts on hand (including contracts in progress and contracts which are yet to commence) with a total original contract value of approximately HK\$383.7 million. As at 31 March 2020, we had 7 contracts on hand with a total original contract value of approximately HK\$607.0 million.

In general, our customers primarily include property asset management companies, property developers and contractors in Hong Kong. We engage in projects in both public and private sectors. Public sector projects refer to projects of which the customer is a Government department, a statutory body or a Government controlled entity. During the year ended 31 March 2021, we focused undertaking projects in the private sector.

We have faced with challenges due to the subsistence of the impact of COVID-19 pandemic (the “**Epidemic**”) during the year ended 31 March 2021, including but not limited to, (i) the progress of certain projects of our Group was adversely affected and hence additional costs were incurred to catch up with the delay; and (ii) the market atmosphere was uncertain that the number of contracts available for tenders for alteration and addition works for the shopping malls substantially decreased and the market competition becomes much keener than previous years. Looking forward, the directors of the Company believe that the availability of COVID-19 vaccine will help economic recovery from the Epidemic. Hence, the directors of the Company are cautiously optimistic about the construction industry in Hong Kong and believe that our Group will strive our best to seek opportunity to undertake more sizeable projects and to strengthen costs control measures in order to generate more revenue and to reduce direct costs.

Financial Review

Revenue

Our revenue decreased from approximately HK\$441.9 million for the year ended 31 March 2020 to approximately HK\$218.7 million for the year ended 31 March 2021, representing a decrease of approximately 50.5%.

The decrease was primarily because (i) certain projects with relatively larger contract sums were completed in the year ended 31 March 2020 and certain new projects undertaken in the year ended 31 March 2021 are with lower contract sums; and (ii) substantial decrease in the number of tenders for alteration and addition works for shopping malls and the keener competition of the market.

Direct costs

Our direct costs decreased from approximately HK\$390.7 million for the year ended 31 March 2020 to approximately HK\$249.4 million for the year ended 31 March 2021, representing a decrease of approximately 36.2%. Such decrease was attributable to the reason of the decrease in revenue as discussed above, but has partially offsetted by the substantial addition of subcontracting costs which were incurred due to the change of design and construction plan of a project of civil engineering works located at Tsim Sha Tsui in December 2020 in order to catch up with the delay arising from the continuous impact of the Epidemic.

Gross (Loss) Profit and Gross (Loss) Profit Margin

Our gross profit amounted to approximately HK\$51.2 million for the year ended 31 March 2020 and gross loss amounted to approximately HK\$30.6 million for the year ended 31 March 2021, representing a decrease of approximately 159.9%. The decrease in our gross profit was primarily due to the decrease in our gross profit margin in both alteration and addition works and civil engineering works segments.

The gross profit margin of alteration and addition works segment decreased from approximately 12.4% for the year ended 31 March 2020 to approximately -8.2% for the year ended 31 March 2021. The decrease was mainly because (i) certain projects with relatively larger contract sums were completed in the year ended 31 March 2020 and certain new projects undertaken in the year ended 31 March 2021 are with lower contract sums and lower profit margin; and (ii) substantial decrease in the number of tenders for alteration and addition works for shopping malls and the keener competition of the market notwithstanding direct staff costs for alteration and addition works for the year ended 31 March 2021 are similar to that for the year ended 31 March 2020.

The gross profit margin of civil engineering works segment decreased from approximately 11.0% for the year ended 31 March 2020 to approximately -17.2% for the year ended 31 March 2021. The decrease was mainly because substantial additional subcontracting costs were incurred due to the change of design and construction plan of a project of civil engineering works located at Tsim Sha Tsui in December 2020 in order to catch up with the delay arising from the continuous impact of the Epidemic.

Other Income and Other Gains

Our other income increased from approximately HK\$1.7 million for the year ended 31 March 2020 to approximately HK\$3.7 million for the year ended 31 March 2021. Such increase was mainly due to the net effect of (i) a decrease of approximately HK\$1.0 million in interest income from fixed bank deposits; and (ii) the government grants under Anti-Epidemic Fund and Employment Support Scheme of approximately HK\$3.0 million recorded during the year ended 31 March 2021.

Our other gains for the year ended 31 March 2021 are similar to that for the year ended 31 March 2020.

Administrative Expenses

Our administrative expenses decreased from approximately HK\$17.0 million for the year ended 31 March 2020 to approximately HK\$13.7 million for the year ended 31 March 2021, representing a decrease of approximately 19.4%. Such decrease was mainly due to the decrease in legal and professional fees and entertainment expenses.

(Loss) Profit before tax

Our profit before tax decreased from approximately HK\$36.4 million for the year ended 31 March 2020 to a loss of approximately HK\$41.7 million for the year ended 31 March 2021, which was mainly attributable to the decrease in gross profit as discussed above.

Our income tax expense decreased from approximately HK\$5.5 million for the year ended 31 March 2020 to income tax credit of approximately HK\$1.8 million for the year ended 31 March 2021 as a result of the decrease in the gross profit as discussed above.

(Loss) Profit and Total Comprehensive (Expense) Income for the year

Our profit and total comprehensive income for the year decreased from approximately HK\$30.9 million for the year ended 31 March 2020 to a loss of approximately HK\$39.9 million for the year ended 31 March 2021, which was mainly due to the decrease in gross profit as discussed above.

Key Financial Ratio

	Notes	As at 31 March 2021	As at 31 March 2020
Current ratio	1	4.5 times	4.5 times
Return on total assets	2	-14.1%	9.3%
Return on equity	3	-18.1%	11.8%
Net (loss) profit margin	4	-18.3%	7.0%

Notes:

1. Current ratio is calculated as current assets divided by current liabilities as at the respective reporting dates.
2. Return on total assets is calculated as (loss) profit for the year divided by the total assets as of the respective reporting dates.
3. Return on equity is calculated as (loss) profit and total comprehensive (expense) income for the year divided by the total equity attributable to owners of the Company as of the respective reporting dates.
4. Net (loss) profit margin is calculated as (loss) profit and total comprehensive (expense) income divided by the revenue for the respective reporting years.

Current Ratio

Our current ratio was approximately 4.5 times as at 31 March 2020 and as at 31 March 2021, which is generally stable.

Return on Total Assets

Our return on total assets decreased from approximately 9.3% for the year ended 31 March 2020 to approximately -14.1% for the year ended 31 March 2021. The decrease was mainly due to the combined effect of (i) the decrease of profit and total comprehensive income for the year ended 31 March 2021 as discussed above; and (ii) the decrease in total assets due to the disposal of property, plant and equipment of approximately HK\$8.9 million during the year ended 31 March 2021.

Return on Equity

Our return on equity decreased from approximately 11.8% for the year ended 31 March 2020 to approximately -18.1% for the year ended 31 March 2021. The decrease was mainly due to the combined effect of (i) the decrease of profit and total comprehensive income for the year ended 31 March 2021 as discussed above; and (ii) the decrease in total assets due to the disposal of property, plant and equipment of approximately HK\$8.9 million during the year ended 31 March 2021.

Net (Loss) Profit Margin

Our Group's net profit margin decreased from approximately 7.0% for the year ended 31 March 2020 to approximately -18.3% for the year ended 31 March 2021. The decrease was primarily due to the decrease in the gross profit margin of our Group as discussed above.

Liquidity, Financial Resources and Capital Structure

As at 31 March 2021, 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 31 March 2021, the Group had total cash and cash equivalents and pledged bank deposits of approximately HK\$183.5 million and HK\$Nil respectively (31 March 2020: approximately HK\$150.1 million and approximately HK\$17.0 million respectively).

The Group has funded the liquidity and capital requirements primarily through capital contributions and cash inflow generated from operating activities for the year ended 31 March 2021.

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 dollars, 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 year ended 31 March 2021 as well as for the year ended 31 March 2020.

Gearing Ratio

Gearing ratio is calculated as total borrowings divided by total equity as at the year ended date and expressed as a percentage. The gearing ratio of the Group as at 31 March 2021 remained nil (31 March 2020: Nil).

Debts and Charges on Assets

Save as disclosed elsewhere in this announcement, the Group had no other debts and charges on assets as at 31 March 2021 and 31 March 2020.

Capital Commitments and Contingent Liabilities

As at 31 March 2020 and 2021, the Group had no material capital commitments and contingent liabilities.

Significant Investment, Material Acquisitions or Disposals of Subsidiaries and Associated Companies

During the year ended 31 March 2021, the Group did not have any significant investment held, 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 plans for material investments or capital assets as at 31 March 2021.

Comparison of Business Objectives with Actual Business Progress and Use of Proceeds

The Shares of the Company were listed on the Listing Date. The net proceeds from the initial public offering amounted to approximately HK\$96.7 million, which has been utilised 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 <i>HK\$'000</i>	Actual usage from the Listing Date to 31 March 2021 <i>HK\$'000</i>	Unused amount up to 31 March 2021 <i>HK\$'000</i>	Expected timeline for full utilisation of the unused amount <i>(Notes 1 & 2)</i>
Strengthening our financial position	77,428	77,428	–	N/A
Expanding our workforce	10,840	3,052	7,788	31 March 2022
Enhancing our machinery fleet				
— Replacing NRMM exempted machinery	4,162	4,162	–	N/A
General working capital	4,355	4,355	–	N/A
	<u>96,785</u>	<u>88,997</u>	<u>7,788</u>	

Notes:

1. There was a delay in the use of proceed for expanding our workforce which was mainly because (i) the Group encountered unexpected difficulties in recruiting suitable and qualified candidates to suit the relevant positions notwithstanding advertisements had been placed; and (ii) uncertainties arose from the social events since the third quarter of 2019 and the impact of the Epidemic since early 2020 cause a slowdown in economy that made the Group prudent in the workforce expansion.
2. The expected timeline for utilising the unused amount is based on the best estimation of the future market condition made by the Group. It is subject to change based on the current and future development of the market condition.

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 31 March 2021, we employed a total of 56 full-time employees (including two executive Directors but excluding three independent non-executive Directors), as compared to a total of 60 full-time employees as at 31 March 2020. The remuneration packages that the Group offers to employees include 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 year ended 31 March 2021 was approximately HK\$27.2 million compared to approximately HK\$27.7 million in the corresponding year ended 31 March 2020.

Final Dividends

The Board did not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: Nil).

CORPORATE GOVERNANCE CODE/ 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**"). To the best of the knowledge of the Board, the Company has complied with the CG code for the year ended 31 March 2021 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. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code for the year ended 31 March 2021 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.

Competing Interests

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates (as defined in the Listing Rules) is interested in a business apart from the Group’s business which competes or is likely to compete, directly or indirectly, with the Group’s business for the year ended 31 March 2021 and up to the date of this announcement, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

Purchase, Sale or Redemption of the Company’s Listed Securities

No purchase, sale or redemption of the Company’s listed securities was made by the Company or any of its subsidiaries for the year ended 31 March 2021 and up to the date of this announcement.

Events after the year ended 31 March 2021

Save as disclosed in this announcement, the Board is not aware of any significant event requiring disclosure that has been occurred after the year ended 31 March 2021 and up to the date of this announcement.

Sufficiency of Public Float

Based on the information that was publicly available and with the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed minimum public float for its shares as required under the Listing Rules for the year ended 31 March 2021 and up to the date of this announcement.

Scope of Work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

Audit Committee

The Company established the audit committee on 4 April 2019 in accordance with Rule 3.21 of the Listing Rules with the written terms of reference in compliance with the CG code as set out in Appendix 14 of the Listing Rules. The audit committee consists of three independent non-executive Directors, namely, Mr. Yeung Tze Long, Mr. Chan Pui Hang Ian and Mr. Cheung Ting Kin. Mr. Yeung Tze Long currently serves as the Chairman of the audit committee.

The audit committee had reviewed, together with the management and the Company's auditors, Deloitte Touche Tohmatsu, the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 March 2021.

The Group's audited consolidated financial statements for the year ended 31 March 2021 have been reviewed and approved by the audit committee. The audit committee 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.

Annual General Meeting

The annual general meeting of the Company will be held in Hong Kong on Tuesday, 10 August 2021. The notice of the annual general meeting will be published in the Company's website and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 5 August 2021 to Tuesday, 10 August 2021, both days inclusive, during which period no transfer of shares will be registered. In order to establish entitlements of attending and voting at the forthcoming annual general meeting of the Company to be held on Tuesday, 10 August 2021, 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 Wednesday, 4 August 2021.

Publication of Final Results and Annual 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 2021 annual report of the Company for the year ended 31 March 2021 will be despatched to shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 31 May 2021

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. Chan Pui Hang Ian and Mr. Cheung Ting Kin as independent non-executive Directors.