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## **B & D Strategic Holdings Limited**

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

**(Stock Code: 1780)**

### **ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE, RULE 13.09 OF THE LISTING RULES AND THE INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE AND RESUMPTION OF TRADING**

This announcement is made by the Company pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

#### **THE MOU**

The Board was informed by the Selling Shareholder that, on 19 July 2021, the Selling Shareholder entered into a MOU with the Potential Buyer. The MOU sets out certain preliminary terms in relation to the Possible Transaction regarding the possible sale of the Sale Shares held by the Selling Shareholder to the Potential Buyer or such entities controlled by the Potential Buyer, which if materialised, may lead to a change in control of the Company and a mandatory general offer under the Takeovers Code for all the issued Shares (other than those already owned by or agreed to be acquired by the Potential Buyer or parties acting in concert with it). As at the date of this announcement, the Selling Shareholder holds 465,000,000 Shares, representing 75% of the total number of issued Shares of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Potential Buyer is third party independent of the Company and its connected persons. The Selling Shareholder and the Potential Buyer will enter into further negotiations based on the principal terms and conditions of the MOU with a view to enter into the Formal Agreement upon completion of the Due Diligence to be conducted by the Potential Buyer.

The principal terms of the MOU are as follows:

### **Due Diligence**

The Potential Buyer shall complete the Due Diligence within 60 days from the date of the MOU (the “**Due Diligence Period**”). To facilitate the carrying out of the Due Diligence by the Potential Buyer, the Selling Shareholder shall and shall procure its agents to make available to the Potential Buyer, his advisors and his agents reasonable assistance in relation to the Due Diligence.

The Potential Buyer shall inform the Selling Shareholder whether he is satisfied of the results of the Due Diligence on or before the last working day of the Due Diligence Period.

### **Formal Agreement**

The parties agree to initiate a genuine and reasonable negotiation in relation to the Formal Agreement upon execution of the MOU, for the purpose of executing a Formal Agreement within 60 days from the date of the MOU, or such later date as may be agreed between the parties in writing.

### **Exclusivity and Deposit**

Under the MOU, the Potential Buyer agreed to pay the Selling Shareholder a sum of HK\$20,000,000 (the “**Deposit**”) within 3 working days from the date of the MOU to be stakeheld by the Vendor’s solicitors as escrow agent.

Pursuant to the MOU, the Deposit shall be non-refundable except when the Potential Buyer informs the Selling Shareholder that the results of the Due Diligence is satisfactory, but the Selling Shareholder opts not to proceed with the Possible Transaction, under which, the Selling Shareholder shall return the Deposit and pay an extra sum of HK\$20,000,000 to the Potential Buyer as compensation. The Deposit may be applied towards part of the consideration if the Potential Buyer informs the Selling Shareholder that the results of the Due Diligence is satisfactory and the Potential Buyer opts to proceed with the Possible Transaction pursuant to the terms of the Formal Agreement.

The Selling Shareholder agreed that during the exclusivity period (within 60 days from the date of the MOU), the Selling Shareholder will not enter into any arrangement or transaction for the sale of the Sale Shares or any part thereof, seek or participate into any arrangement or transaction, enter into any forms of agreement, arrangement, discussion or negotiation in relation to the Shares with parties other than the Potential Buyer.

### **Binding Effect**

Save for the terms relating to the exclusivity and deposit, confidentiality, expenses, governing law and jurisdiction, rights of third parties and binding effect in the MOU, the parties agreed that all other terms in the MOU shall have no binding effect.

## **POSSIBLE GENERAL OFFER FOR THE SHARES AND TAKEOVERS CODE IMPLICATIONS**

Subject to the Formal Agreement being entered into and the satisfaction or waiver (as the case may be) of such conditions precedent to completion as may be specified therein, it is contemplated that upon completion of the Possible Transaction, the Potential Buyer and parties acting in concert with it will hold no less than 50% of the issued share capital of the Company. In accordance with the requirement of the Takeovers Code, if the Possible Transaction materialises, an obligation on the part of the Potential Buyer and parties acting in concert with him will be triggered for them to make a mandatory unconditional general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Potential Buyer and parties acting in concert with it) under Rule 26.1 of the Takeovers Code. As at the date of this announcement, no Formal Agreement has been entered into in respect of the Possible Transaction and the negotiations are still in progress and the Possible Transaction may or may not proceed. As at the date of this announcement, the Company has 620,000,000 Shares in issue and does not have any other outstanding convertible securities, options and warrants. Save as disclosed above, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

## **MONTHLY UPDATE**

In compliance with Rule 3.7 of the Takeovers Code, the Board will keep the market informed in compliance with the Listing Rules and the Takeovers Code and in particular by way of announcement on a monthly basis until the publication of an announcement of (i) a firm intention to make an offer under Rule 3.5 of the Takeovers Code; or (ii) a decision not to proceed with an offer is made.

## **DEALING DISCLOSURES**

For the purpose of the Takeovers Code, the offer period commences on the date of this announcement, being 20 July 2021. In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined under the Takeovers Code which includes, among others, any person who owns or controls 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Potential Buyer) are reminded to disclose their dealings in the securities of the Company under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code in relation to the responsibilities of stockbrokers, banks and other intermediaries:

*“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them.*

*Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

**WARNINGS: There is no assurance that the Possible Transaction will materialise or eventually be consummated and the relevant discussions may or may not lead to a general offer under Rule 26.1 of Takeovers Code. The Possible Transaction may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 2:35 p.m. on 19 July 2021 pending release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 21 July 2021.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the same meaning as ascribed to it under the Takeovers Code
“Board”	the board of Directors of the Company
“Company”	B & D Strategic Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange

“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Due Diligence”	the due diligence to be conducted by the Potential Buyer on the Group
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any of his delegates
“Formal Agreement”	a formal agreement for the sale and purchase of the Sale Shares to be entered into by the Potential Buyer and the Selling Shareholder with respect to the Possible Transaction
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of agreement entered into on 19 July 2021 between the Selling Shareholder and the Potential Buyer in relation to the Possible Transaction
“Possible Transaction”	the possible sale and purchase of the Sale Shares
“Potential Buyer”	a potential purchaser, an independent third party not connected to the Company and its connected person
“Sale Shares”	465,000,000 Shares held by the Selling Shareholder, representing 75% of the total number of issued Shares as at the date of this announcement
“Selling Shareholder”	Sky Winner Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, the entire share capital of which is beneficially owned as to 69.48% and 30.52% by Mr. Tang Wing Kwok and Mr. Lo Wing Hang respectively
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the issued Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“%”	per cent.

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

Hong Kong, 20 July 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. Cheung Ting Kin and Mr. Chan Pui Hang Ian as independent non-executive Directors.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.*