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 2019

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 March 2019 amounted to approximately HK$300.9 million (2018: approximately HK$233.7 million).
- Gross profit margin of the Group for the year ended 31 March 2019 was at approximately 23.3% which was similar to the corresponding year ended 31 March 2018 (2018: approximately 22.3%).
- Profit before tax of the Group for the year ended 31 March 2019 was approximately HK$43.1 million (2018: approximately HK$57.6 million).
- Profit of the Group for the year ended 31 March 2019 amounted to approximately HK$33.4 million (2018: approximately HK$50.3 million).
- Basic earnings per share amounted to approximately HK cents 7.18 (2018: approximately HK cents 10.81).
- The Board did not recommend the payment of a final dividend for the year ended 31 March 2019 (2018: approximately HK$63.7 million).

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 2019, together with the comparative figures for the corresponding year ended in 31 March 2018. 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 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*4*	**300,926**	233,723
Direct costs		**(230,707)**	(181,563)
Gross profit		**70,219**	52,160
Other income, other gains or losses	*6*	**125**	17,063
Listing expenses		**(17,518)**	(1,500)
Administrative expenses		**(9,699)**	(10,134)
Profit before tax	*7*	**43,127**	57,589
Income tax expense	*8*	**(9,733)**	(7,316)
Profit and total comprehensive income for the year		**33,394**	50,273
Earnings per share	*10*		
— Basic (HK cents)		**7.18**	10.81

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current asset			
Property, plant and equipment		**4,063**	5,798
		4,063	5,798
Current assets			
Trade and other receivables, deposits and prepayments	*11*	**34,247**	51,760
Contract assets		**76,095**	80,887
Pledged bank deposits		**21,263**	6,663
Bank balances and cash		**61,121**	44,719
		192,726	184,029
Current liabilities			
Trade and other payables	*12*	**43,095**	69,649
Contract liabilities		**3,028**	–
Taxation liabilities		**3,559**	6,369
		49,682	76,018
Net current assets		**143,044**	108,011
Net assets		**147,107**	113,809
Capital and reserves			
Share capital	*13*	**–***	390
Reserves		**146,702**	112,918
Equity attributable to owners of the Company		**146,702**	113,308
Non-current liability			
Deferred tax liabilities		**405**	501
Total equity		**147,107**	113,809

* *Amount less than HK$1,000*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 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. 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.

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"), upon completion of the group reorganisation (the "Reorganisation") (as detailed in note 2) on 19 June 2018.

The consolidated financial statements is presented in Hong Kong Dollar ("HK$"), which is the same as the functional currency of the Company and its subsidiaries.

2. REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared based on the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by The Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the principles of merger accounting under Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA and conventions applicable to group reorganisation (as detailed below).

Ka Shun Civil Engineering together with its subsidiary, Ka Shun Contractors, were acquired from Mr. LO Wing Hang ("Mr. Lo", a director of the Company and a former non-controlling shareholder of Ka Construction and Ka Shun Contractors) by the Group through its subsidiary, Joy Goal Limited ("Joy Goal"), on 27 October 2015 whereas Ka Construction was acquired by the Group before 1 January 2017. All of these entities, which form part of the Group, have been under the common control of Mr. Tang throughout the two years ended 31 March 2019.

In preparing for the listing of the Company's ordinary shares on the Stock Exchange, the Group underwent the Reorganisation that involves the following:

(a) 957,840 ordinary shares (representing 36.84% of the issued share capital) of Ka Construction owned by the independent third party were transferred to the Group's wholly owned subsidiary, Best Century International Holding Ltd ("Best Century International", the immediate holding company of Ka Construction) at a cash consideration of approximately HK$15,140,000 on 14 March 2017 which was settled by Mr. Tang on behalf of the Group;

(b) 1,000 ordinary shares (representing the entire issued share capital) of Best Century International owned by Mr. Tang were transferred to Joy Goal (a company then wholly owned by Mr. Tang prior to completion of the Reorganisation and a wholly-owned subsidiary of the Company after completion of the Reorganisation) at a consideration of US$1.00 on 22 March 2017;

(c) 246,220 ordinary shares (representing 9.47% of the entire issued share capital) of Ka Construction owned by Mr. Lo were transferred to Best Century International on 23 March 2017 at a consideration of approximately HK$1,946,000 which was settled by issuing and allotting 1,133 new ordinary shares of Joy Goal to Mr. Lo pursuant to a deed of settlement made amongst Joy Goal, Best Century International and Mr. Lo dated 23 March 2017. Simultaneously on 23 March 2017, 48,866 ordinary shares of Joy Goal were allotted to Mr. Tang;

(d) 3,500 ordinary shares of Joy Goal were transferred from Mr. Tang to Mr. Lo at a cash consideration of approximately HK$6,011,000 on 27 March 2017 which was settled by Mr. Lo to Mr. Tang on the same date;

(e) 400,000 ordinary shares (representing 40% of the issued share capital) of Ka Shun Contractors owned by Mr. Lo were transferred to Ka Shun Civil Engineering on 27 March 2017 at a consideration of approximately HK$18,248,000 which was settled by a transfer of 10,626 ordinary shares of Joy Goal from Mr. Tang to Mr. Lo on 27 March 2017 pursuant to a deed of settlement entered into among Mr. Tang, Ka Shun Civil Engineering and Mr. Lo dated 27 March 2017; and

(f) 600,000 ordinary shares of Ka Shun Contractors that were held by Mr. Lo on trust for Ka Shun Civil Engineering (that were transferred to Mr. Lo on 27 November 2015 on trust for Ka Shun Civil Engineering according to a declaration of trust executed by Mr. Lo in favour of Ka Shun Civil Engineering) were vested back to Ka Shun Civil Engineering on 2 August 2017.

As a result of the aforesaid transfers,

(a) the entire issued share capital of Ka Construction was held by Best Century International since 23 March 2018, while the entire share capital of Best Century International was held by Joy Goal since 22 March 2017;

(b) the entire issued share capital of Ka Shun Civil Engineering and Ka Shun Contractors was held by Joy Goal since 27 March 2017; and

(c) the shareholdings of Joy Goal were owned as to 34,741 ordinary shares (representing 69.48%) by Mr. Tang and 15,259 ordinary shares (representing 30.52%) by Mr. Lo since 27 March 2017.

Incorporation of Sky Winner

Sky Winner was incorporated on 5 February 2018 in the BVI and was authorised to issue a maximum of 50,000 ordinary shares of US$1.00 each. On 27 March 2018, 6,948 fully paid ordinary shares, representing 69.48% of the issued share capital of Sky Winner, were allotted and issued to Mr. Tang at par and 3,052 fully paid ordinary shares, representing the remaining 30.52% of the issued share capital of Sky Winner, were allotted and issued to Mr. Lo at par. Sky Winner became the holding vehicle of Mr. Tang and Mr. Lo and is wholly owned by them.

Disposal of Nice Capital Investment

Nice Capital Investment (a wholly owned subsidiary of Best Century International) is a company holding a residential property in Hong Kong which had been occupied by Mr. Tang as staff quarter for nil consideration during the year ended 31 March 2018. As part of the Reorganisation, the entire issued share capital of Nice Capital Investment was disposed of by Best Century International to Mr. Tang on 28 March 2018 at a consideration of HK$10,706,000.

Incorporation of the Company

The Company was incorporated on 24 April 2018 in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares with a par value of HK$0.01 per share. One nil-paid share was allotted and issued to the subscriber to the memorandum and articles of association of the Company, which was subsequently transferred to Sky Winner at a consideration of HK$0.01 on the same day. After the aforesaid share transfer, the then issued share capital of the Company was wholly-owned by Sky Winner.

Acquisition of Joy Goal by the Company

On 19 June 2018, Mr. Tang and Mr. Lo (as vendors and warrantors), Sky Winner (as confirmer) and the Company (as purchaser) entered into a sale and purchase agreement, pursuant to which, (a) Mr. Tang transferred his 34,741 ordinary shares (representing 69.48% of the entire issued share capital) in Joy Goal to the Company and in consideration of which the 1 nil-paid subscriber share of the Company and registered in the name of Sky Winner was credited as fully paid together with the Company issuing and allotting 6,947 ordinary shares of the Company, all credited as fully paid to Sky Winner at the instruction of Mr. Tang; and (b) Mr. Lo transferred his 15,259 ordinary shares (representing 30.52% of the entire issued share capital) in Joy Goal to the Company and in consideration of which the Company issued and allotted 3,052 ordinary shares of the Company, all credited as fully paid to Sky Winner at the instruction of Mr. Lo.

Upon the completion of the aforesaid transfers, Joy Goal became the direct wholly owned subsidiary of the Company, and the Company became the holding company of companies comprising the Group.

The Group, comprising the Company, Joy Goal, Best Century International, Ka Construction, Ka Shun Civil Engineering, Ka Shun Contractors, Nice Capital Investment and Profit Gather Investment Limited ("Profit Gather Investment", which was incorporated by Joy Goal on 30 January 2018), has always been under the common control of Mr. Tang throughout the two years ended 31 March 2019 or from their respective dates of incorporation or acquisition to date of disposal, where there is a shorter period.

The Group resulting from the Reorganisation, which involves the interspersing the Company between Joy Goal and its subsidiaries (including Best Century International, Ka Construction, Ka Shun Civil Engineering, Ka Shun Contractors, and Profit Gather Investment) and the then ultimate shareholders of Joy Goal (being Mr. Tang and Mr. Lo). Therefore, the Group is regarded as a continuing entity.

Accordingly, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the companies now comprising the Group are prepared as if the group structure upon the completion of the Reorganisation had been in existence throughout the years ended 31 March 2018 and 2019, or from their respective dates of incorporation or acquisition to date of disposal, where there is a shorter period. The consolidated statement of financial position of the Group as at 31 March 2018 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure upon completion of the Reorganisation had been in existence at 31 March 2018 taking into account the respective dates of incorporation, acquisition or disposal, where applicable.

3. **APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")**

The Group has consistently adopted HKFRSs, Hong Kong Accounting Standards ("HKASs"), amendments and interpretations issued by the HKICPA which are effective for annual accounting periods beginning on 1 April 2018 throughout the years ended 31 March 2018 and 2019, except that the Group adopted HKFRS 9 *Financial Instruments* on 1 April 2018 and applied HKAS 39 *Financial Instruments: Recognition and Measurement* for the year ended 31 March 2018.

The Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and contract assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Original measurement category under HKAS 39	**New measurement category under HKFRS 9**	**Original carrying amount under HKAS 39** *HK$'000*	**New carrying amount under HKFRS 9** *HK$'000*
Trade and other receivables	Loans and receivables	Financial assets at amortised cost	43,511	43,511
Pledged bank balances	Loans and receivables	Financial assets at amortised cost	6,663	6,663
Bank balances and cash	Loans and receivables	Financial assets at amortised cost	44,719	44,719
Trade and other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost	64,891	64,891

Besides, as at 1 April 2018, the management of the Group reviewed and assessed the Group's existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables and contract assets. To measure the ECL, trade receivables and contract assets have been individually assessed based on internal credit ratings, customers' ageing and historical observed default rates over the expected life of the customers and adjusted for forward-looking information that is available without undue cost or effort.

Loss allowances for other financial assets at amortised cost mainly comprise of other receivables, pledged bank deposits and bank balances are measured on 12-month ECL ("12m ECL") basis and there had been no significant increase in credit risk since initial recognition.

Based on the assessment by the management of the Group, no impairment loss on the Group's trade and other receivables, contract assets, pledged bank deposits and bank balances was recognised under HKFRS 9 as at 1 April 2018 as the amounts involved were insignificant.

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 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term interests in associates and joint ventures[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2015–2017 cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2020

Except for the below, the directors of the Company anticipates that the application of the other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements of the Group in the future.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretation when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications. Distinctions of operating leases and finance leases are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

For classification of cash flows, the Group currently presents other operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion, which will be presented as financing cash flows, upfront prepaid lease payments will be presented as investing or operating cash flows in accordance to the nature, as appropriate.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or as a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$465,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will result in recognising a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16.

In addition, the management of the Group currently considers refundable rental deposits paid of HK$158,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments and included in the carrying amount of right-of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17. Therefore, the Group has not reassessed whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group has elected the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

4. REVENUE

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 year.

	2019	2018
	HK$'000	*HK$'000*
Contract revenue from provision of services on alteration and addition works	**215,568**	139,626
Contract revenue from provision of services on civil engineering works	**85,358**	94,097
	300,926	233,723

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 year ended 31 March 2019

	Alteration and addition works *HK$'000*	**Civil engineering works** *HK$'000*	**Total** *HK$'000*
Segment revenue — external	**215,568**	**85,358**	**300,926**
Segment results	**52,164**	**18,055**	**70,219**
Other income, other gains or losses			**125**
Listing expenses			**(17,518)**
Administrative expenses			**(9,699)**
Profit before tax			**43,127**

For the year ended 31 March 2018

	Alteration and addition works *HK$'000*	Civil engineering works *HK$'000*	Total *HK$'000*
Segment revenue — external	139,626	94,097	233,723
Segment results	26,997	25,163	52,160
Other income, other gains or losses			17,063
Listing expenses			(1,500)
Administrative expenses			(10,134)
Profit before tax			57,589

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

Other segment information

	2019 ***HK$'000***	2018 *HK$'000*
Amounts included in the measures of segment profits:		
Depreciation		
— Provision of services on alteration and addition works	**1,236**	435
— Provision of services on civil engineering works	**1,376**	1,963
— Unallocated	**–**	432
	2,612	2,830

Entity-wide information

Geographical information

The Group's operations are located in Hong Kong. The geographical location of the Group's non-current assets is situated in Hong Kong.

All of the Group's revenue from external customers is attributable to the group entities' place of domicile (i.e. Hong Kong).

6. OTHER INCOME, OTHER GAINS OR LOSSES

	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**41**	49
Gain on disposal of a subsidiary	**–**	17,202
Gain (losses) on disposal/write-off of property, plant and equipment, net	**10**	(208)
Others	**74**	20
	125	17,063

7. PROFIT BEFORE TAX

	2019	2018
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging:		
Staff costs:		
Salaries and other benefits	**28,208**	25,484
Discretionary bonus*	**1,524**	3,834
Retirement benefit scheme contributions	**1,139**	959
	30,871	30,277
Auditor's remuneration	**700**	300
Minimum lease payments under operating leases in respect of:		
— properties and warehouse	**891**	1,177
— plant and machinery	**1,550**	2,037
Depreciation of property, plant and equipment	**2,612**	2,830

* The discretionary bonus is determined by reference to individual performance of the employees and approved by the management of the Group.

8. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**9,829**	6,783
Deferred tax	**(96)**	533
	9,733	7,316

Hong Kong Profit Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 March 2019.

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 profit for the seven months ended 31 March 2019.

9. DIVIDENDS

During the year ended 31 March 2018, Joy Goal declared and paid interim dividend of HK$63,695,000 to its then shareholders. The rate of dividends and the number of shares ranking for the above dividends are not presented as such information is not considered meaningful.

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2019, nor has any dividend been proposed since the end of the reporting period.

10. EARNINGS PER SHARE

	2019	2018
	HK$'000	*HK$'000*
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to the owners of the company)	**33,394**	50,273
	No. of shares	No. of shares
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**465,000**	465,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined as 465,000,000 ordinary shares on the assumption that the Reorganisation as disclosed in note 2 and the Capitalisation Issue detailed in note 14 have been effective on 1 April 2017.

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

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**20,551**	42,695
Advances to sub-contractors and suppliers	**5,512**	2,434
Prepaid listing expense and issue costs	**–**	2,125
Deferred issue costs	**5,697**	653
Other receivables *(Note (a))*	**970**	816
Prepayments and deposits *(Note (b))*	**1,517**	3,037
	34,247	51,760

Notes:

(a) The other receivables mainly represent advances to injured workers that could be reimbursed from insurance.

(b) As at 31 March 2018, the amounts include deposits of HK$200,000 paid to an insurance company as collateral for issuance of certain amounts of performance bonds in favour the Group's customers. The remaining prepayments and deposits mainly represent prepaid site insurance and various rental and utility deposits.

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 presented based on dates of work certified at the end of each reporting period, net of allowance for doubtful debts.

	2019 *HK$'000*	2018 *HK$'000*
1–30 days	**20,111**	17,012
31–60 days	**440**	24,911
61–90 days	**–**	772
	20,551	42,695

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 management of the Group regularly.

12. TRADE AND OTHER PAYABLES

	2019 *HK$'000*	2018 *HK$'000*
Trade payables	**18,428**	48,076
Retention payables	**10,438**	15,565
Staff costs payables	**2,752**	3,230
Accrued issue costs	**8,421**	653
Other payables *(Note)*	**3,056**	2,125
	43,095	69,649

Note: The other payables mainly represent payables in respect of construction industry levy and pneumoconiosis compensation fund board levy, accruals of audit fees and various office expenses.

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

	2019 *HK$'000*	2018 *HK$'000*
1–30 days	**13,167**	42,930
31–60 days	**5,261**	1,669
61–90 days	**–**	2,024
Over 90 days	**–**	1,453
	18,428	48,076

13. SHARE CAPITAL

Prior to the completion of the Reorganisation on 19 June 2018, the share capital of the Group as at 31 March 2018 represents the issued ordinary share capital of Joy Goal. The share capital of the Group as at 31 March 2019 represents the share capital of the Company.

As at 1 April 2017 and 31 March 2018, Joy Goal had 50,000 ordinary shares with par value of US$1, credited as fully paid, in issue.

The Company was incorporated on 24 April 2018 with the initial authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares with a par value of HK$0.01 per share. One nil-paid share was allotted and issued to the subscriber to the memorandum and articles of association of the Company, which was subsequently transferred to Sky Winner at a consideration of HK$0.01 on the same day.

On 19 June 2018, Mr. Tang and Mr. Lo (as vendors and warrantors), Sky Winner (as confirmer) and the Company (as purchaser) entered into a sale and purchase agreement, pursuant to which, (a) Mr. Tang transferred his 34,741 ordinary shares (representing 69.48% of the entire issued share capital) in Joy Goal to the Company and in consideration of which the 1 nil-paid subscriber share of the Company and registered in the name of Sky Winner was credited as fully paid together with the Company issuing and allotting 6,947 ordinary shares of the Company, all credited as fully paid to Sky Winner at the instruction of Mr. Tang; and (b) Mr. Lo transferred his 15,259 ordinary shares (representing 30.52% of the entire issued share capital) in Joy Goal to the Company and in consideration of which the Company issued and allotted 3,052 ordinary shares of the Company, all credited as fully paid to Sky Winner at the instruction of Mr. Lo.

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

	Number of shares	Share capital *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
As at 24 April 2018 (date of incorporation) and 31 March 2019	**38,000,000**	380
Issued:		
Issued as at 24 April 2018 (date of incorporation)	**1**	–*
Issued on 19 June 2018 (date of completion of the Reorganisation)	**9,999**	–*
As at 31 March 2019	**10,000**	–*

* Amounts less than HK$1,000

14. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 March 2019, the following significant events took place:

(a) On 4 April 2019, written resolutions of the sole shareholder of the Company were passed to approve the increase in authorised ordinary share capital of the Company from HK$380,000 divided into 38,000,000 ordinary shares of the Company of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 ordinary shares of the Company of HK$0.01 each by the creation of additional 4,962,000,000 new ordinary shares of the Company of HK$0.01 each, ranking pari passu in all respects with the ordinary shares of the Company in issue on 4 April 2019.

(b) On 4 April 2019, the Company adopted a share option scheme with the principal terms of which are set out in the paragraph headed "D. Share Option Scheme" in the Appendix V to the Company's prospectus dated 13 April 2019 in connection with the Share Offer.

(c) On 30 April 2019, 155,000,000 ordinary shares with a par value of HK$0.01 each of the Company were issued at a price of HK$0.84 per share by way of public offer and placing of the Company ordinary shares (the "Share Offer"). On the same date, the Company's ordinary shares were listed on the Main Board of the Stock Exchange.

(d) On 30 April 2019, the Company effected the capitalisation of an amount of HK$4,649,900 standing to the credit of the share premium account of the Company as a result of the Share Offer and to appropriate such amount as to capital to pay up in full, at par, 464,990,000 ordinary shares of the Company of HK$0.01 each for allotment and issue to the shareholders of the Company on 4 April 2019, each ranking pari passu in all respects with the then existing issued ordinary shares of the Company (the "Capitalisation Issue").

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

Based on the independent industry research report commissioned by the Company and as disclosed in the Prospectus, the construction industry in Hong Kong recorded a stable growth in 2017. Government has constantly supported the development of the construction industry in both private and public sectors in Hong Kong. It was announced in the 2017–18 Policy Address that a projected 460,000 housing units will be supplied to cater for the continuous demand for residential units in the next decade; which includes approximately 200,000 public rental housing (PRH) units, 80,000 subsidized sale flats and 180,000 private housing units. Similarly, the 2018–19 Budget suggested completing an estimated number of 100,000 public residential units in the next 5 years and 97,000 firsthand private residential units in the next three to four years. The 2018–19 Land Sale Programme is expected to provide 27 residential sites offering 15,200 residential units, together with the sites rolled over from the previous fiscal year. Moreover, it was envisaged that specific suitable Government, Institution or Community (GIC) sites in Kowloon East will be converted for commercial use with the view of developing Kowloon East as a secondary core business district. Such area is expected to release approximately 560,000 square metres of office floor areas. Such plans are expected to further facilitate the growth of the construction industry and the gross output value for construction is forecasted to grow at a CAGR of approximately 2.8% from 2018 to 2022.

RMAA Industry Overview

Repair and maintenance (RM) works mainly include restoration and improvement of existing facilities and components of buildings, such as re-roofing, external wall refurbishment, internal wall refurbishment, internal floor refurbishment, internal ceiling refurbishment, doors and windows, plumbing and drainage and electrical works, etc. Alteration and addition (A&A) works mainly include design of new structural works, fitting-out works changes in facilities configuration, construction of a new extension to an existing building, conversion of an existing building to different types etc. It is generally considered that A&A works require a higher level of engineering and labour expertise than RM works.

The growth of repair, maintenance, alteration and addition ("**RMAA**") industry has been supported by private re-development projects endorsed by the Development Bureau upon the implementation of "Land Sales Programme". For example, private developers can acquire land from the Government for re-development projects to produce more residential flats. Apart from projects of residential buildings, conversion projects of industrial buildings also drive the development of RMAA industry in Hong Kong. Since 2001, the Lands Department has introduced Waiver Scheme to owners of industrial premises to facilitate the conversion and optimize the use of industrial buildings to support growths of other industries. For example, an industrial building has been converted to a data centre in Shatin, which help accommodate the development of data centres in Hong Kong. The conversion of industrial buildings often requires demolition and alteration of the existing buildings and thus is an important driver to the RMAA industry in Hong Kong.

Site Formation and Foundation Industry Overview

Site formation work aims to provide a safe and firm ground for foundation and building works. Commonly, site formation begins with land levelling and slope, followed by forming land to the required orientation. If needed, retention wall will be constructed for build-ups such as roadways, drainage and other related infrastructure or buildings. The main purpose of foundation works is to provide a solid base for construction structures to be built upon it. These works include piling construction, excavation and lateral support (ELS) work, pile cap construction and some other ancillary services. Site formation and foundation works are closely connected with each other. It is not uncommon for the two work types to be grouped together in one tender.

In consideration of high population density and strong need of housing supply, the Government announced in 2017 Policy Address the New Development Areas (NDAs) and new town extensions to create new lands and fulfill the need of new town development. The projects focus on the development of Kwu Tung North, Fanling North, Tung Chung, Hung Shui Kiu and Yuen Long South. These projects call for large-scale site formation works to transform mountainous areas and lands into usable lands and accommodate residential buildings and other facilities, similar to the past site formation projects including the development project of Anderson Road Quarry site. As a result, it is expected that there will be a constant need of site formation works, especially for private sectors, in Hong Kong during the implementation of New Development Areas and new town extensions projects.

Taking the factors discussed above into consideration, the Group shall remain cautiously optimistic towards the future. In the coming year, we will continue to seize business opportunities but at the same time, remain vigilant for any possible future development within the RMAA and site formation and foundation industry.

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 Limited mainly focuses on the provision of alteration and addition works, while Ka Shun Civil Engineering Company Limited and Ka Construction Company Limited 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.

As at 31 March 2019, the Group had 9 contracts on hand (including contracts in progress and contracts which are yet to commence) with a total original contract value of approximately HK$624.0 million. As at 31 March 2018, we had 8 contracts on hand with a total original contract value of approximately HK$438.0 million.

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$233.7 million for the year ended 31 March 2018 to approximately HK$300.9 million for the year ended 31 March 2019, representing an increase of approximately 28.8%.

The increase was primarily due to (i) the increased efforts in pursuing projects of relatively larger scale with higher income; and (ii) an increase in the number of projects with revenue contribution during the year ended 31 March 2019.

Gross Profit and Gross Profit Margin

Our direct costs increased from approximately HK$181.6 million for the year ended 31 March 2018 to approximately HK$230.7 million for the year ended 31 March 2019, representing an increase of approximately 27.1%. Such increase in direct costs was generally in line with the increase in the revenue.

Our gross profit amounted to approximately HK$52.2 million and approximately HK$70.2 million for the year ended 31 March 2018 and the year ended 31 March 2019 respectively, representing an increase of approximately 34.6%. The increase in our gross profit was primarily due to the increase in our revenue due to reasons discussed above and the increase in overall gross profit margin.

The gross profit margin of alteration and addition works segment increased from approximately 19.3% for the year ended 31 March 2018 to approximately 24.2% for the year ended 31 March 2019. The increase was mainly because higher gross profit margin for the core construction works of two main alteration and addition projects were recognised in the year ended 31 March 2019.

The gross profit margin of civil engineering works segment decreased from approximately 26.7% for the year ended 31 March 2018 to approximately 21.2% for the year ended 31 March 2019. The decrease was mainly because higher gross profit margin for the core construction works of two main civil engineering projects were recognised in the year ended 31 March 2018. During the year ended 31 March 2019, such two main civil engineering projects were in completion stage and certain new civil engineering projects were in initial stage, which generated a lower profit margin.

Other Income, Other Gains or Losses

Our other income, other gains or losses decreased from a net gain of approximately HK$17.1 million for the year ended 31 March 2018 to a net gain of approximately HK$0.1 million for the year ended 31 March 2019. Such difference was mainly due to the gain on disposal of a subsidiary of approximately HK$17.2 million recognised during the year ended 31 March 2018 while no such gain was recognised during the year ended 31 March 2019.

Administrative Expenses

Our administrative expenses decreased from approximately HK$10.1 million for the year ended 31 March 2018 to approximately HK$9.7 million for the year ended 31 March 2019, representing an decrease of approximately 4.3%. Such decrease was mainly due to the decrease in our staff costs as a result of the decrease in the bonus payment during the year ended 31 March 2019.

Income Tax Expense

Our profit before tax decreased from approximately HK$57.6 million for the year ended 31 March 2018 to approximately HK$43.1 million for the year ended 31 March 2019, which was mainly attributable to the net effect of (i) the increase in revenue and gross profit as discussed above; and (ii) the recognition of listing expenses of approximately HK$17.5 million during the year ended 31 March 2019 while only approximately HK$1.5 million were of listing expenses recognised during the year ended 31 March 2018.

Despite of the decrease in our profit before tax, our income tax expense increased from approximately HK$7.3 million for the year ended 31 March 2018 to approximately HK$9.7 million for the year ended 31 March 2019 as a result of the net effect of (i) the increase in the revenue and gross profit as discussed above; and (ii) the tax effect of the non-deductible listing expenses for the year ended 31 March 2019.

Profit and Total Comprehensive Income for the year

Our profit and total comprehensive income for the year decreased from approximately HK$50.3 million for the year ended 31 March 2018 to approximately HK$33.4 million for the year ended 31 March 2019, which was mainly due to the net effect of (i) the increase in revenue and gross profit as discussed above; (ii) the recognition of gain on disposal of a subsidiary of HK$17.2 million for the year ended 31 March 2018 but there was no such gain for the year ended 31 March 2019; (iii) the recognition of listing expenses of approximately HK$17.5 million during the year ended 31 March 2019 while only approximately HK$1.5 million were recognised during the year ended 31 March 2018.

Key Financial Ratio

	Notes	**As at 31 March 2019**	As at 31 March 2018
Current ratio	*1*	**3.9 times**	2.4 times
Return on total assets	*2*	**17.0%**	26.5%
Return on equity	*3*	**22.8%**	44.4%
Net profit margin	*4*	**11.1%**	21.5%

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 profit for the year divided by the total assets as of the respective reporting dates.

3. Return on equity is calculated as profit and total comprehensive income for the year divided by the total equity attributable to owners of the Company as of the respective reporting dates.

4. Net profit margin is calculated as profit and total comprehensive income divided by the revenue for the respective reporting years.

Current Ratio

Our current ratio was increased from approximately 2.4 times as at 31 March 2018 to approximately 3.9 times as at 31 March 2019. The increase was mainly due to the decrease in trade payables as we settled our trade payables.

Return on Total Assets

Our return on total assets decreased from approximately 26.5% for the year ended 31 March 2018 to approximately 17.0% for the year ended 31 March 2019. The decrease was mainly due to the recognition of gain on disposal of a subsidiary of approximately HK$17.2 million during the year ended 31 March 2018.

Return on Equity

Our return on equity decreased from approximately 44.4% for the year ended 31 March 2018 to approximately 22.8% for the year ended 31 March 2019. The decrease was mainly due to the recognition of gain on disposal of a subsidiary of approximately HK$17.2 million during the year ended 31 March 2018.

Net Profit Margin

Our Group's net profit margin decreased from approximately 21.5% for the year ended 31 March 2018 to approximately 11.1% for the year ended 31 March 2019. The decrease was primarily due to (i) the gain on disposal of a subsidiary amounted to approximately HK$17.2 million recognised during the year ended 31 March 2018; and (ii) the listing expenses of approximately HK$17.5 million recognised in the year ended 31 March 2019 while only approximately HK$1.5 million were recognised during the year ended 31 March 2018. If the above gain and expenses are not taken into account, the Group would have an adjusted net profit margin of approximately 14.8% for the year ended 31 March 2018 and approximately 16.9% for the year ended 31 March 2019.

Liquidity, Financial Resources and Capital Structure

As at 31 March 2019, the Company's issued capital was HK$100 and the number of its issued ordinary shares was 10,000 shares of HK$0.01 each.

As at 31 March 2019, the Group had total cash and cash equivalents and pledged bank deposits of approximately HK$61.1 million and approximately HK$21.3 million respectively (31 March 2018: approximately HK$44.7 million and approximately HK$6.7 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 2019.

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 year ended 31 March 2019 as well as for the year ended 31 March 2018.

Capital Commitments and Contingent Liabilities

As at 31 March 2018 and 2019, 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 2019, the Group did not have any significant investment held, any material acquisitions or disposals of subsidiaries and associated companies apart from the corporate reorganisation in relation to the Listing as disclosed in the Prospectus.

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 2019.

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

As the Listing of the Company's shares has commenced on the Stock Exchange on 30 April 2019 (the "Listing Date") (i.e. after the year ended 31 March 2019), the Company has not yet had the proceeds from the Listing as of 31 March 2019. The net proceed 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$'000*	**Actual usage up to 20 June 2019** *HK$'000*
Strengthening our financial position	77,428	29,265
Expanding our workforce	10,840	–
Enhancing our machinery fleet		
— Replacing NRMM exempted machinery	4,162	4,162
General working capital	4,355	4,355
	96,785	37,782

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 2019, we employed a total of 89 full-time employees (including two executive Directors but excluding three independent non-executive Directors), as compared to a total of 106 full-time employees as at 31 March 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 year ended 31 March 2019 was approximately HK$30.9 million compared to approximately HK$30.3 million in the corresponding year ended 31 March 2018.

Final Dividends

The Board did not recommend the payment of a final dividend for the year ended 31 March 2019 (2018: approximately HK$63.7 million).

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**"). 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. 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 summarized in the Prospectus. The main purpose of the Share Option Scheme is to motivate employees to optimize 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 during the year ended 31 March 2019 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

The Shares have been listed on the Main Board of the Stock Exchange on the Listing Date. No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries since the Listing Date and up to the date of this announcement.

Events after the year ended 31 March 2019

Subsequent to 31 March 2019, the following material events took place for the purpose of the Listing of the Company:

(a) on 4 April 2019, written resolutions of the sole shareholder of the Company were passed to increase the authorised share capital of the Company from HK$380,000 divided into 38,000,000 ordinary shares of the Company of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 ordinary shares of the Company of HK$0.01 each by the creation of additional 4,962,000,000 new ordinary shares of the Company of HK$0.01 each, ranking pari passu in all respects with the ordinary shares of the Company then in issue;

(b) on 4 April 2019, the Company adopted the Share Option Scheme with the principal terms of which are set out in the paragraph headed "D. Share Option Scheme" in the Appendix V of the Prospectus and as referred to in the paragraph headed "Share Option Scheme" above;

(c) on 30 April 2019, pursuant to the written resolutions of the sole Shareholder of the Company passed on 4 April 2019, the Company effected the capitalisation of an amount of HK$4,649,900 standing to the credit of the share premium account of the Company as a result of the Share Offer and to appropriate such amount as to capital to pay up in full, at par, 464,990,000 ordinary shares of the Company of HK$0.01 each for allotment and issue to the shareholders of the Company on 4 April 2019, each ranking pari passu in all respects with the then existing issued ordinary shares of the Company;

(d) on 30 April 2019, 155,000,000 ordinary shares with a par value of HK$0.01 each of the Company were issued at a price of HK$0.84 per share by way of public offer and placing. On the same date, the Company's Shares were listed on the Main Board of the Stock Exchange.

Save as disclosed above, there is no material event undertaken by the Group after 31 March 2019 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 since the Listing Date and up to the date of 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. Yiu Chun Wing 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 2019.

The Group's audited consolidated financial statements for the year ended 31 March 2019 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.

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 2019 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 the preliminary announcement.

Annual General Meeting

The annual general meeting of the Company will be held in Hong Kong on Monday, 2 September 2019. 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 Wednesday, 28 August 2019 to Monday, 2 September 2019, 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 Monday, 2 September 2019, 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 Tuesday, 27 August 2019.

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 2019 annual report of the Company for the year ended 31 March 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 our 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, 20 June 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.