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B & D Strategic Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1780)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the six months ended 30 September 2020 amounted to approximately HK\$132.4 million (six months ended 30 September 2019: approximately HK\$203.5 million).
- Gross profit margin of the Group for the six months ended 30 September 2020 was approximately 10.5% which was lower than that of the corresponding six months ended 30 September 2019 (six months ended 30 September 2019: approximately 16.8%).
- Profit before tax of the Group for the six months ended 30 September 2020 was approximately HK\$10.6 million (six months ended 30 September 2019: approximately HK\$28.1 million).
- Profit of the Group for the six months ended 30 September 2020 amounted to approximately HK\$9.3 million (six months ended 30 September 2019: approximately HK\$23.4 million).
- Basic earnings per share for the six months ended 30 September 2020 amounted to approximately HK cents 1.50 (six months ended 30 September 2019: approximately HK cents 3.92).
- The Board did not recommend the payment of an interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: HK cents 4.84 per share).

The board (the “**Board**”) of directors (the “**Directors**”) of B & D Strategic Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2020, together with the comparative figures for the corresponding six months ended 30 September 2019. The information contained in this announcement should be read in conjunction with the prospectus of the Company dated 13 April 2019 (the “**Prospectus**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

		Six months ended 30 September	
		2020	2019
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	4, 5	132,377	203,473
Direct costs		(118,518)	(169,323)
Gross profit		13,859	34,150
Other income and other gains	6	2,614	899
Administrative expenses		(5,891)	(6,948)
Finance costs		(1)	(2)
Profit before tax	8	10,581	28,099
Income tax expense	7	(1,305)	(4,735)
Profit and total comprehensive income for the period		9,276	23,364
Earnings per share			
— Basic (HK cents)	10	1.50	3.92

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

		As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
	Notes		
Non-current assets			
Property, plant and equipment		12,304	14,693
Right-of-use assets		20	54
Other receivable	11	6,740	6,696
		<u>19,064</u>	<u>21,443</u>
Current assets			
Trade and other receivables, deposits and prepayments	11	20,754	20,670
Contract assets		79,910	120,950
Tax recoverable		351	788
Pledged bank deposits		1,892	16,963
Bank balances and cash		204,898	150,120
		<u>307,805</u>	<u>309,491</u>
Current liabilities			
Trade, retention and other payables	12	53,645	68,321
Lease liabilities		18	53
Tax liabilities		1,147	14
Deferred income		501	–
		<u>55,311</u>	<u>68,388</u>
Net current assets		<u>252,494</u>	<u>241,103</u>
Net assets		<u>271,558</u>	<u>262,546</u>
Capital and reserves			
Share capital		6,200	6,200
Reserves		264,088	254,812
Equity attributable to owners of the Company		<u>270,288</u>	<u>261,012</u>
Non-current liabilities			
Deferred tax liabilities		1,270	1,534
Total equity		<u>271,558</u>	<u>262,546</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

1. GENERAL INFORMATION

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

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

As at 30 September 2020, the ultimate controlling party of the Group is Mr. Tang Wing Kwok (“**Mr. Tang**”). In the opinion of the directors of the Company, the immediate and ultimate holding company of the Group is Sky Winner Holdings Limited (“**Sky Winner**”), a company incorporated in the British Virgin Islands (“**BVI**”).

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

2. BASIS OF PREPARATION

The Interim Financial Information for the six months ended 30 September 2020 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Interim Financial Information does not include all of the information required in annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 March 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Information for the six months ended 30 September 2020 have been prepared on the historical cost basis.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by HKICPA and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the Interim Financial Information for the six months ended 30 September 2020 are the same as those presented in the annual consolidated financial statements of the Group for the year ended 31 March 2020.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group's Interim Financial Information:

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

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

3.1. Impacts of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the Interim Financial Information. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 March 2021.

3.2. Accounting policies newly adopted by the Group

In addition, the Group has applied the following accounting policy which became relevant to the Group in the current interim period.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants relate to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

4. REVENUE

Disaggregation of revenue from contracts with customers

Revenue of the Group represents the fair value of amounts received and receivable from the provision of services on alteration and addition works and civil engineering works in Hong Kong (all being recognised over time under long-term contracts in Hong Kong) during the six months ended 30 September 2020 and 2019.

	Six months ended 30 September 2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Contract revenue from provision of services on alteration and addition works	43,676	76,514
Contract revenue from provision of services on civil engineering works	88,701	126,959
	<u>132,377</u>	<u>203,473</u>

5. SEGMENT INFORMATION

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

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

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

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

Segment revenue and profit

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

For the six months ended 30 September 2020

	Alteration and addition works <i>HK\$'000</i> (Unaudited)	Civil engineering works <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue — external	<u>43,676</u>	<u>88,701</u>	<u>132,377</u>
Segment results	<u>4,721</u>	<u>9,138</u>	13,859
Other income and other gains			2,614
Administrative expenses			(5,891)
Finance costs			<u>(1)</u>
Profit before tax			<u>10,581</u>

For the six months ended 30 September 2019

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

6. OTHER INCOME AND OTHER GAINS

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income	582	599
Gain on disposal of property, plant and equipment, net	50	202
Government subsidy under Employment Support Scheme and Anti-epidemic Fund	1,982	–
Others	–	98
	<u>2,614</u>	<u>899</u>

During the current interim period, the Group recognised government grants in respect of COVID-19 related subsidies aggregating to approximately HK\$1,982,000 (Unaudited) under Employment Support Scheme and Anti-epidemic Fund provided by the Hong Kong Government.

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong	1,569	4,286
Deferred tax	(264)	449
	<u>1,305</u>	<u>4,735</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 September 2020 (six months ended 30 September 2019: 16.5%).

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.

8. PROFIT BEFORE TAX

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit before tax has been arrived at after charging:		
Staff costs (including emoluments of the Company's directors):		
Salaries and other benefits	10,844	10,544
Retirement benefit scheme contributions	408	389
	<u>11,252</u>	<u>10,933</u>
Auditor's remuneration	450	500
Depreciation of property, plant and equipment	2,406	2,852
Depreciation of right-of-use assets	34	34
	<u><u>34</u></u>	<u><u>34</u></u>

9. DIVIDENDS

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interim dividend proposed after the end of the reporting period	<u><u>–</u></u>	<u><u>30,000</u></u>

Note: The directors of the Company do not recommend the payment of an interim dividend for ordinary share in respect of the six months ended 30 September 2020 (Six months ended 30 September 2019: an interim dividend of HK4.84 cents per ordinary share amounting to HK\$30,000,000 in aggregate (Unaudited)).

10. EARNINGS PER SHARE

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to the owners of the Company)	9,276	23,364
	Number of shares '000	Number of shares '000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	620,000	595,437

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the six months ended 30 September 2019 has been determined as 595,437,000 ordinary shares on the assumption that the Reorganisation and the Capitalisation Issue (defined in the Prospectus) have been effective on 1 April 2019.

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

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 September 2020	31 March 2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables	17,128	15,640
Advances to sub-contractors and suppliers	1,123	2,492
Other receivables (<i>Note</i>)	7,648	7,761
Prepayments and deposits	1,595	1,473
	27,494	27,366
Less: Non-current portion	(6,740)	(6,696)
Current portion	20,754	20,670

Note: Included in the other receivables as at 30 September 2020 is a refundable deposit of HK\$6,740,000 (Unaudited) (31 March 2020: HK\$6,696,000 (Audited)) paid to an insurance company as collateral for issuing a performance bond for an ongoing civil engineering project which is expected to be released after 30 September 2021 and is, therefore, classified as a non-current other receivable. Such deposit bears interest at 0.35% per annum. The remaining amount of the other receivables as at 30 September 2020 and 31 March 2020 mainly represent advances to injured workers that could be reimbursed from insurance.

Trade receivables

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

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
1–30 days	13,852	15,227
31–60 days	3,276	413
	17,128	15,640

12. TRADE, RETENTION AND OTHER PAYABLES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Trade payables	36,015	47,600
Retention payables	11,188	13,777
Staff costs payables	4,740	3,827
Other payables	1,702	3,117
	53,645	68,321

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

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
1–30 days	31,137	43,096
31–60 days	4,878	4,504
	36,015	47,600

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

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

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

In general, our customers primarily include property asset management companies, property developers and contractors in Hong Kong. During the six months ended 30 September 2020, we focused undertaking projects in the private sectors.

Following the outbreak of the COVID-19 pandemic since early 2020, completion progress of certain projects was affected. Although the operation of the construction projects was resumed to normal during the six months ended 30 September 2020 with the strict preventive measures that have been taken by the Group on both at sites and office levels, the impact of the COVID-19 pandemic became obvious as the Group is facing with challenges including the increase in competition with low bidding tender price, the decrease in the size of tenders and the increase in costs for labours and subcontractors with the subsistence of the COVID-19 pandemic during the six months ended 30 September 2020. The Directors are of the view that the construction industry will continue to be tough in the second half of 2020. In response to the market condition, the Group will keep on striving to remain its competitiveness by, on the one hand, continuing to maintain its high standard of project planning with the provision of diverse types of services in alteration addition works and civil engineering works, and on the other hand, adopting a relatively more competitive pricing strategy. The Group will closely monitor the market and respond to changes in the market conditions with a view to secure more opportunities.

FINANCIAL REVIEW

Revenue

Our revenue decreased from approximately HK\$203.5 million for the six months ended 30 September 2019 to approximately HK\$132.4 million for the six months ended 30 September 2020, representing a decrease of approximately 34.9%.

The decrease was primarily because certain projects with relatively larger contract sums were completed during the year ended 31 March 2020 and certain new projects undertaken during the six months ended 30 September 2020 are with lower contract sums.

Direct Costs

Our direct costs decreased from approximately HK\$169.3 million for the six months ended 30 September 2019 to approximately HK\$118.5 million for the six months ended 30 September 2020, representing a decrease of approximately 30.0%. Such decrease in direct costs was attributable to the reason of the decrease in revenue as discussed above; and partially offset by the increase in direct costs due to (i) progress of certain projects were negatively affected due to the adverse impact from COVID-19 pandemic; and (ii) unexpected complexity of construction works.

Gross Profit and Gross Profit Margin

Our gross profit amounted to approximately HK\$34.2 million and approximately HK\$13.9 million for the six months ended 30 September 2019 and the six months ended 30 September 2020 respectively, representing a decrease of approximately 59.4%. The decrease in our gross profit was primarily due to the decrease in our gross profit in both alteration and addition works and civil engineering works segments.

The gross profit margin of alteration and addition works segment decreased from approximately 14.3% for the six months ended 30 September 2019 to approximately 10.8% for the six months ended 30 September 2020. The decrease was mainly because certain projects with relatively larger contract sums were completed during the year ended 31 March 2020 and certain new projects undertaken during the six months ended 30 September 2020 are with lower contract sums and lower profit margin.

The gross profit margin of civil engineering works segment was approximately 18.3% for the six months ended 30 September 2019 and approximately 10.5% for the six months ended 30 September 2020. The decrease was mainly due to the combined effect of (i) the progress of certain projects were negatively affected due to the adverse impact from COVID-19 pandemic; and (ii) unexpected complexity of construction works arose.

Other Income and Other Gains

Our other income, other gains or losses increased from approximately HK\$0.9 million for the six months ended 30 September 2019 to approximately HK\$2.6 million for the six months ended 30 September 2020. Such difference was mainly due to the recognition of government subsidies of approximately HK\$2.0 million during the six months ended 30 September 2020.

Administrative Expenses

Our administrative expenses decreased from approximately HK\$6.9 million for the six months ended 30 September 2019 to approximately HK\$5.9 million for the six months ended 30 September 2020, representing a decrease of approximately 15.2%. Such decrease was mainly due to the decrease in legal and professional fees and entertainment expenses.

Profit Before Tax and Income Tax Expenses

Our profit before tax decreased from approximately HK\$28.1 million for the six months ended 30 September 2019 to approximately HK\$10.6 million for the six months ended 30 September 2020, which was mainly attributable to the reason of the decrease in gross profit as discussed above.

Following the decrease in our profit before tax, our income tax expense decreased from approximately HK\$4.7 million for the six months ended 30 September 2019 to approximately HK\$1.3 million for the six months ended 30 September 2020.

Profit and Total Comprehensive Income for the Period

Our profit and total comprehensive income for the period attributable to owners of the Company decreased from approximately HK\$23.4 million for the six months ended 30 September 2019 to approximately HK\$9.3 million for the six months ended 30 September 2020, which was mainly due to the reason of the decrease in gross profit as discussed above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2020, the Company's issued capital was HK\$6.2 million and the number of its issued ordinary shares was 620,000,000 shares of HK\$0.01 each.

As at 30 September 2020, the Group had total cash and cash equivalents and pledged bank deposits of approximately HK\$204.9 million and approximately HK\$1.9 million 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 six months ended 30 September 2020 as well as the proceeds received from the Share Offer.

FOREIGN EXCHANGE EXPOSURES

As the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Directors are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange exposure for the six months ended 30 September 2020 as well as for the six months ended 30 September 2019.

GEARING RATIO

Gearing ratio is calculated as total borrowings divided by total equity at the period end date and expressed as a percentage. The gearing ratio of the Group as at 30 September 2020 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 30 September 2020 and 31 March 2020.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2020, the Group had no material capital commitments and contingent liabilities (31 March 2020: Nil).

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

During the six months ended 30 September 2020, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries and associated companies.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed under the section headed "Future Plans and Use of Proceeds" in the Prospectus, there was no other plans for material investments or capital assets as at 30 September 2020.

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

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

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

	Planned use of proceed HK\$'000	Actual usage up to the date of this announcement HK\$'000
Strengthening our financial position	77,428	77,428
Expanding our workforce	10,840	2,095
Enhancing our machinery fleet		
— Replacing NRMM exempted machinery	4,162	4,162
General working capital	4,355	4,355
	<u>96,785</u>	<u>88,040</u>

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2020, we employed a total of 59 full-time employees (including two executive Directors but excluding three independent non-executive Directors), as compared to a total of 62 full-time employees as at 30 September 2019. The remuneration packages that the Group offers to employees includes salary, discretionary bonuses, staff benefits, contributions and retirement schemes as well as other cash subsidies. In general, the Group determines employee's salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its decisions with respect to salary raises, bonuses and promotions. The total staff cost incurred by the Group for the six months ended 30 September 2020 was approximately HK\$11.3 million compared to approximately HK\$10.9 million in the corresponding six months ended 30 September 2019.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: HK cents 4.84 per share).

EVENTS AFTER THE SIX MONTHS ENDED 30 SEPTEMBER 2020

Save as disclosed in this announcement, the Board is not aware of any significant event requiring disclosure that has been occurred after 30 September 2020 and up to the date of this announcement.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SECURITIES

As at 30 September 2020, the interest and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code, notified to the Company and the Stock Exchange were as follow:

(i) Long position in the Shares

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

Notes:

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

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

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

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

As at 30 September 2020, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to the Section 336 of the SFO, or which would be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group.

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

Notes:

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

Save as disclosed above, as at 30 September 2020, the Directors were not aware of any person or corporation (other than the Directors and the chief executives) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO, or pursuant to section 336 of the SFO, which would have to be recorded in the register referred to therein.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

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

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as a code of conduct of the Company regarding Directors’ securities transactions during the six months ended 30 September 2020 and up to the date of this announcement. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code during the six months ended 30 September 2020 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 six months ended 30 September 2020 and up to the date of this announcement, no share option has been granted, exercised, cancelled or lapsed. As at the date of this announcement, the total number of shares available for issue under the Share Option Scheme was 62,000,000, representing 10% of the entire issued share capital of the Company.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities for the six months ended 30 September 2020.

COMPETING INTERESTS

The Directors confirm that none of the controlling shareholders of the Company or the Directors and their respective close associates (as defined in the Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business during the six months ended 30 September 2020 and up to the date of this announcement, and that is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules during the six months ended 30 September 2020 and up to the date of this announcement.

AUDIT COMMITTEE

The audit committee (the “**Audit Committee**”) of the Board was established on 4 April 2019. The Audit Committee consists of three independent non-executive Directors, namely Mr. Yeung Tze Long, Mr. Cheung Ting Kin and Mr. Chan Pui Hang, Ian. Mr. Yeung Tze Long currently serves as the chairman of the Audit Committee.

The interim financial results of the Group for the six months ended 30 September 2020 are unaudited but have been reviewed and approved by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

Publication of Interim Results Announcement and Interim Report

This results announcement is published on the Company's website at www.bnd-strategic.com.hk and the website of the Stock Exchange at www.hkexnews.hk. The interim report of the Company for the six months ended 30 September 2020 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, 30 November 2020

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.