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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 2021**

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the six months ended 30 September 2021 amounted to approximately HK\$149.3 million (six months ended 30 September 2020: approximately HK\$132.4 million).
- Gross profit margin of the Group for the six months ended 30 September 2021 was approximately 11.0% which was higher than that of the corresponding six months ended 30 September 2020 (six months ended 30 September 2020: approximately 10.5%).
- Profit before tax of the Group for the six months ended 30 September 2021 was approximately HK\$9.9 million (six months ended 30 September 2020: approximately HK\$10.6 million).
- Profit of the Group for the six months ended 30 September 2021 amounted to approximately HK\$9.9 million (six months ended 30 September 2020: approximately HK\$9.3 million).
- Basic earnings per share for the six months ended 30 September 2021 amounted to approximately HK cents 1.60 (six months ended 30 September 2020: approximately HK cents 1.50).
- The Board declares an interim dividend of HK cents 6.45 per share for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of B & D Strategic Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2021, together with the comparative figures for the corresponding six months ended 30 September 2020. 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 2021

		Six months ended	
		30 September	
		2021	2020
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	4, 5	149,273	132,377
Direct costs		(132,885)	(118,518)
		<hr/>	<hr/>
Gross profit		16,388	13,859
Other income	6	80	2,564
Other gains	6	16	50
Impairment losses on trade receivables, other receivables and contract assets under expected credit loss model, net of reversal		(705)	–
Administrative expenses		(5,865)	(5,891)
Finance costs		–	(1)
		<hr/>	<hr/>
Profit before tax	8	9,914	10,581
Income tax expense	7	–	(1,305)
		<hr/>	<hr/>
Profit and total comprehensive income for the period		9,914	9,276
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share			
— Basic (HK cents)	10	1.60	1.50
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	As at 31 March 2021 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		1,109	1,559
Pledged bank deposits		19,359	–
		20,468	1,559
Current assets			
Trade and other receivables, deposits and prepayments	11	30,792	14,701
Contract assets		93,848	81,831
Tax recoverable		2,669	2,669
Bank balances and cash		151,144	183,489
		278,453	282,690
Current liabilities			
Trade, retention and other payables	12	67,941	59,068
Provision		–	4,115
		67,941	63,183
Net current assets		210,512	219,507
Net assets		230,980	221,066
Capital and reserves			
Share capital		6,200	6,200
Reserves		224,780	214,866
Equity attributable to owners of the Company		230,980	221,066
Non-current liabilities			
Deferred tax liabilities		–	–
Total equity		230,980	221,066

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

The Interim Financial Information for the six months ended 30 September 2021 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 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

The Interim Financial Information for the six months ended 30 September 2021 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 2021 are the same as those presented in the annual consolidated financial statements of the Group for the year ended 31 March 2021.

Application of new and amendments to HKFRSs

In the current period, the Group has applied 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 2021 for the preparation of the Group's Interim Financial Information:

Amendments to HKAS 39 and HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 2021

The application of 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.

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 2021 and 2020.

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Contract revenue from provision of services on alteration and addition works	47,944	43,676
Contract revenue from provision of services on civil engineering works	101,329	88,701
	<u>149,273</u>	<u>132,377</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 2021

	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>47,944</u>	<u>101,329</u>	<u>149,273</u>
Segment results	<u>997</u>	<u>14,686</u>	15,683
Other income			80
Other gains			16
Administrative expenses			<u>(5,865)</u>
Profit before tax			<u>9,914</u>

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			2,564
Other gains			50
Administrative expenses			(5,891)
Finance costs			<u>(1)</u>
Profit before tax			<u>10,581</u>

6. OTHER INCOME AND OTHER GAINS

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other income:		
Interest income	75	582
Government subsidies under Employment Support Scheme and Anti-epidemic Fund	<u>5</u>	<u>1,982</u>
	<u>80</u>	<u>2,564</u>
Other gains:		
Exchange gain, net	16	–
Gain on disposal of property, plant and equipment, net	<u>–</u>	<u>50</u>
	<u>16</u>	<u>50</u>

During the six months ended 30 September 2021, the Group recognised government grants in respect of COVID-19 related subsidies aggregating to approximately HK\$5,000 (Unaudited) (six months ended 30 September 2020: 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	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong	–	1,569
Deferred tax	<u>–</u>	<u>(264)</u>
	<u>–</u>	<u>1,305</u>

No provision for Hong Kong Profits Tax is provided as the Company and its subsidiaries do not have assessable profits for the six months ended 30 September 2021. Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for the six months ended 30 September 2020.

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

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for the six months ended 30 September 2020.

8. PROFIT BEFORE TAX

	Six months ended	
	30 September	
	2021	2020
	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	14,413	10,844
Retirement benefit scheme contributions	415	408
	14,828	11,252
Auditor's remuneration	619	450
Depreciation of property, plant and equipment	450	2,406
Depreciation of right-of-use assets	–	34

9. DIVIDENDS

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interim dividend proposed after the end of the reporting period	39,990	–

Note: On 1 November 2021, the Board has declared an interim dividend of HK cents 6.45 per share for the six months ended 30 September 2021 payable on or around 6 December 2021 to owners of the Company whose names appear on the register of members of the Company on 19 November 2021. The amount of interim dividend declared was calculated based on the number of ordinary shares in issue at the date of approval of the Interim Financial Information. The interim dividend has not been recognised as a liability in this Interim Financial Information (six months ended 30 September 2020: Nil).

10. EARNINGS PER SHARE

	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to the owners of the Company)	<u>9,914</u>	<u>9,276</u>
	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	<u>620,000</u>	<u>620,000</u>

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 2021	31 March 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables	12,209	135
Advances to sub-contractors and suppliers	9,510	6,335
Prepayments and deposits	2,169	1,089
Other receivable (<i>Note</i>)	7,086	7,155
Less: Allowance of credit loss for trade receivables and other receivables	<u>(182)</u>	<u>(13)</u>
	<u>30,792</u>	<u>14,701</u>

Note: Included in the other receivables as at 30 September 2021 was a refundable deposit of HK\$6,755,000 (Unaudited) (31 March 2021: HK\$6,751,000 (Audited)) paid to an insurance company as collateral for issuing a performance bond of HK\$6,636,000 (31 March 2021: HK\$6,636,000) for an ongoing civil engineering project which is expected to be released in the year ending 31 March 2022. Such deposit bears interest at 0.01% per annum (31 March 2021: 0.1% per annum). The remaining amount of the other receivables as at 30 September 2021 and 31 March 2021 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 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
1–30 days	8,630	135
31–60 days	3,406	–
61–90 days	173	–
	<u>12,209</u>	<u>135</u>
Less: Allowance of credit loss	(169)	–
	<u><u>12,040</u></u>	<u><u>135</u></u>

12. TRADE, RETENTION AND OTHER PAYABLES

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Trade payables	46,621	39,077
Retention payables	14,831	11,152
Staff costs payables	3,863	6,571
Other payables	2,626	2,268
	<u>67,941</u>	<u>59,068</u>

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

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
1–30 days	44,562	27,769
31–60 days	1,993	11,230
61–90 days	66	78
	<u>46,621</u>	<u>39,077</u>

13. EVENTS AFTER THE REPORTING PERIOD

As at 30 September 2021, a performance bond of approximately HK\$24.2 million given by a bank under its bank facilities granted to the Group in favour of a customer of the Group as required under the relevant contract was secured by the pledged bank deposits and a corporate guarantee given by the Company.

In October 2021, the bank facilities were revised and such corporate guarantee was released and replaced by a personal guarantee given by Mr. Lo Wing Hang, a director of the Company, and the pledged bank deposits was increased to approximately HK\$24.2 million.

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), 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 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 are intended to apply on the Group’s future plans as set out in the section headed “Future Plans and Use of Proceeds” to the Prospectus.

In general, our customers primarily include property asset management companies, property developers and contractors in Hong Kong. We engage in projects in both public and private sectors. Public sector projects refer to projects of which the customer is a Government department, a statutory body or a Government controlled entity. During the six months ended 30 September 2021, we focused undertaking projects in the private sectors.

We have still been facing with challenges due to the impact of COVID-19 pandemic during the six months ended 30 September 2021, especially the market atmosphere was still uncertain that the number of contracts available for tenders for alternation and addition works for the shopping malls remained low and the market competition remained keen. Looking forward, the Group will keep monitoring market conditions, actively participate in tendering sizable projects and strengthen our cost control measures. The Board are cautiously optimistic about the construction industry in Hong Kong as the Board believe that, with the number of doses of COVID-19 vaccine having administered, the construction industry in Hong Kong will be recovered in a near future.

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately HK\$132.4 million for the six months ended 30 September 2020 to approximately HK\$149.3 million for the six months ended 30 September 2021, representing an increase of approximately 12.8%.

The increase was primarily because more contract works of a civil engineering project were performed.

Direct Costs

Our direct costs increased from approximately HK\$118.5 million for the six months ended 30 September 2020 to approximately HK\$132.9 million for the six months ended 30 September 2021, representing an increase of approximately 12.1%. Such increase in direct costs was attributable to the reason of the increase in revenue as discussed above.

Gross Profit of the Group

Our gross profit of the Group amounted to approximately HK\$13.9 million and approximately HK\$16.4 million for the six months ended 30 September 2020 and the six months ended 30 September 2021 respectively, representing an increase of approximately 18.2%. The increase in our gross profit was primarily due to the net effect of (i) the decrease in gross profit margin of alteration and addition works segment; and (ii) the increase in gross profit margin of civil engineering works segment.

Gross Profit and Gross Profit Margin of Operating Segments

The gross profit of alternation and addition works segment decreased from approximately HK\$4.7 million for the six months ended 30 September 2020 to approximately HK\$1.0 million for the six months ended 30 September 2021. The gross profit margin of alteration and addition works segment decreased from approximately 10.8% for the six months ended 30 September 2020 to approximately 2.1% for the six months ended 30 September 2021. The decrease was mainly because the projects undertaken during the six months ended 30 September 2021 were with lower gross profit margin due to the keener competition of the construction market.

The gross profit of civil engineering works segment increased from approximately HK\$9.1 million for the six months ended 30 September 2020 to approximately HK\$14.7 million for the six months ended 30 September 2021. The gross profit margin of civil engineering works segment increased from approximately 10.3% for the six months ended 30 September 2020 to approximately 14.5% for the six months ended 30 September 2021. The increase was mainly because the results for the six months ended 30 September 2020 were negatively affected due to the adverse impact from COVID-19 pandemic and unexpected complexity of construction works. Such impacts were alleviated during the six months ended 30 September 2021.

Other Income and Other Gains

Our other income decreased from approximately HK\$2.6 million for the six months ended 30 September 2020 to approximately HK\$80,000 for the six months ended 30 September 2021. Such decrease was mainly due to the government subsidies under Employment Support Scheme and Anti-Epidemic Fund of approximately HK\$2.0 million being recognised for the six months ended 30 September 2020, while approximately HK\$5,000 was recognised for the six months ended 30 September 2021.

Our other gains decreased from approximately HK\$50,000 for the six months ended 30 September 2020 to approximately HK\$16,000 for the six months ended 30 September 2021 as the Group recorded a net gain on disposal of property, plant and equipment for the six months ended 30 September 2020, while no such item was recorded for the six months ended 30 September 2021.

Administrative Expenses

Our administrative expenses for the six months ended 30 September 2021 are comparable to that for the six months ended 30 September 2020.

Profit Before Tax and Income Tax Expense

Our profit before tax decreased from approximately HK\$10.6 million for the six months ended 30 September 2020 to approximately HK\$9.9 million for the six months ended 30 September 2021, which was mainly attributable to the net effect of (i) the increase in gross profit; and (ii) the decrease in other income and other gains as discussed above.

Our income tax expense decreased from approximately HK\$1.3 million for the six months ended 30 September 2020 to Nil for the six months ended 30 September 2021 as a result of the utilisation of tax loss brought forward from previous year of assessment.

Profit and Total Comprehensive Income for the Period

Our profit and total comprehensive income for the period attributable to owners of the Company increased from approximately HK\$9.3 million for the six months ended 30 September 2020 to approximately HK\$9.9 million for the six months ended 30 September 2021, which was mainly due to the net effect of (i) the increase in gross profit; (ii) the decrease in other income and other gains; and (iii) the decrease in income tax expenses as discussed above.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2021, the Company's issued capital was HK\$6.2 million and the number of its issued ordinary shares was 620,000,000 shares of HK\$0.01 each.

As at 30 September 2021, the Group had total cash and cash equivalents and pledged bank deposits of approximately HK\$151.1 million and approximately HK\$19.4 million respectively (31 March 2021: approximately HK\$183.5 million and Nil respectively). The increase in the pledged deposits was mainly due to the placement of security deposits for the performance bond of a project of the Group.

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 2021 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 2021 as well as for the six months ended 30 September 2020.

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 2021 remained Nil (31 March 2021: 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 2021 and 31 March 2021.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2021, the Group had no material capital commitments and contingent liabilities (31 March 2021: Nil).

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

During the six months ended 30 September 2021, 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 2021.

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

The Shares was listed on the Listing Date. The net proceeds from the initial public offering amounted to approximately HK\$96.7 million, which has been utilised by the Group in accordance with the disclosure as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus, save and except that the expected timeline for full utilisation of the unused proceeds has been prolonged for the reasons set out below.

Up to 30 September 2021, details of the use of the proceeds are listed as below:

	Planned use of proceed <i>HK\$'000</i>	Actual usage from the Listing Date to 30 September 2021 <i>HK\$'000</i>	Unused amount up to 30 September 2021 <i>HK\$'000</i>	Expected timeline for full utilisation of the unused proceeds (<i>Note 1&2</i>)
Strengthening our financial position	77,428	77,428	–	N/A
Expanding our workforce	10,840	4,392	6,448	30 September 2022
Enhancing our machinery fleet				
— Replacing NRMM exempted machinery	4,162	4,162	–	N/A
General working capital	4,355	4,355	–	N/A
	<u>96,785</u>	<u>90,337</u>	<u>6,448</u>	

Notes:

1. There was a delay in the use of proceed for expanding our workforce which was mainly because (i) the Group encountered unexpected difficulties in recruiting suitable and qualified candidates to suit the relevant positions notwithstanding advertisements had been placed; and (ii) a slowdown in economy as well as in the construction industry as a result of COVID-19 pandemic that made the Group prudent in the workforce expansion.
2. The expected timeline for utilising the unused amount is based on the best estimation of the future market condition made by the Group. It is subject to change based on the current and future development of the market condition.

As at the date of this announcement, the unutilised proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong. The Directors regularly evaluate the Group's business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. Up to the date of this announcement and except as disclosed above, 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 2021, we employed a total of 60 full-time employees (including two executive Directors but excluding three independent non-executive Directors), as compared to a total of 59 full-time employees as at 30 September 2020. 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 2021 was approximately HK\$14.8 million compared to approximately HK\$11.3 million in the corresponding six months ended 30 September 2020.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK cents 6.45 per share for the six months ended 30 September 2021 (six months ended 30 September 2020: Nil), which will be payable on or around 6 December 2021 to Shareholders whose names appear on the register of members of the Company (the “**Register of Members**”) on Friday, 19 November 2021.

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders’ entitlement to interim dividend, the Register of Members will be closed from Tuesday, 16 November 2021 to Friday, 19 November 2021 (both days inclusive) during which no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Monday, 15 November 2021.

EVENTS AFTER THE SIX MONTHS ENDED 30 SEPTEMBER 2021

Save as disclosed in note 13 of the Notes to the condensed consolidate financial statements of this announcement, the Board is not aware of any significant event requiring disclosure that has been occurred after 30 September 2021 and up to the date of this announcement.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTEREST IN SECURITIES

As at 30 September 2021, 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 (<i>Note 1</i>)	Interest in controlled corporation	465,000,000	75%
Mr. Lo Wing Hang (<i>Note 2</i>)	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, who 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, who 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 2021, 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 2021, 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**”). To the best of the knowledge of the Board, the Company has complied with the CG code for the six months ended 30 September 2021 and up to the date of this announcement. The Directors will periodically review on the Company’s corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the code provisions from time to time.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as a code of conduct of the Company regarding Directors’ securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code for the six months ended 30 September 2021 and up to the date of this announcement.

SHARE OPTION SCHEME

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

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

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries for the six months ended 30 September 2021 and up to the date of this announcement.

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders of the Company nor the Directors and their respective close associates (as defined in the Listing Rules) is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business for the six months ended 30 September 2021 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 was publicly available and with the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed minimum public float for its shares as required under the Listing Rules for the six months ended 30 September 2021 and up to the date of this announcement.

AUDIT COMMITTEE

The Company established the audit committee on 4 April 2019 in accordance with the 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. 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 2021 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 2021 will be despatched to shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 1 November 2021

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