

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



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

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

**(Stock Code: 1780)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023**

#### **FINANCIAL HIGHLIGHTS**

- Revenue of the Group for the year ended 31 March 2023 amounted to approximately HK\$220.9 million (2022: approximately HK\$275.1 million).
- Gross profit margin of the Group for the year ended 31 March 2023 was at approximately 6.3% (2022: approximately 8.3%).
- Profit before tax of the Group for the year ended 31 March 2023 was approximately HK\$5.2 million (2022: approximately HK\$10.1 million).
- Profit of the Group for the year ended 31 March 2023 amounted to approximately HK\$5.2 million (2022: approximately HK\$10.1 million).
- Basic earnings per share amounted to approximately HK 0.84 cent (2022: approximately HK 1.63 cent).
- The Board did not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of B & D Strategic Holdings Limited (the “**Company**”) is pleased to present the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2023, together with the comparative figures for the corresponding year ended 31 March 2022. 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 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	3, 4	220,854	275,111
Direct costs		<u>(207,032)</u>	<u>(252,250)</u>
Gross profit		13,822	22,861
Other income	5	2,988	121
Other gains and losses, net	5	(25)	59
Reversal of (allowance for) impairment losses under expected credit loss model		829	(705)
Administrative expenses		<u>(12,406)</u>	<u>(12,200)</u>
Profit before tax	7	5,208	10,136
Income tax expense	6	<u>–</u>	<u>–</u>
Profit and total comprehensive income for the year		<u>5,208</u>	<u>10,136</u>
Earnings per share	9		
– Basic (HK cents)		<u>0.84</u>	<u>1.63</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 March 2023

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,791</b>	1,100
Restricted bank deposits		<u><b>24,199</b></u>	<u>24,199</u>
		<u><b>25,990</b></u>	<u>25,299</u>
<b>Current assets</b>			
Trade and other receivables, deposits and prepayments	<i>10</i>	<b>26,433</b>	30,408
Contract assets		<b>50,595</b>	62,706
Bank deposits with original maturity more than three months		<b>22,175</b>	932
Cash and cash equivalents		<u><b>142,945</b></u>	<u>125,752</u>
		<u><b>242,148</b></u>	<u>219,798</u>
<b>Current liabilities</b>			
Trade, retention and other payables	<i>11</i>	<b>62,770</b>	53,855
Contract liabilities		<b>8,876</b>	30
Deferred income		<u><b>72</b></u>	<u>–</u>
		<u><b>71,718</b></u>	<u>53,885</u>
<b>Net current assets</b>		<u><b>170,430</b></u>	<u>165,913</u>
<b>Net assets</b>		<u><b>196,420</b></u>	<u>191,212</u>
<b>Capital and reserves</b>			
Share capital		<b>6,200</b>	6,200
Reserves		<u><b>190,220</b></u>	<u>185,012</u>
<b>Total equity</b>		<u><b>196,420</b></u>	<u>191,212</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

## 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 effect from 30 April 2019. Its registered office is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is located at Room 2803-2803A, Asia Trade Centre, 79 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.

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

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

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

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

### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual periods beginning on 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

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

## New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17 (including the October 2020 Insurance Contracts <sup>1</sup> and February 2022 Amendments to HKFRS 17)	
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024.

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

### 3. REVENUE

#### (i) Disaggregation of revenue from contracts with customers

Revenue of the Group represents the fair value of amounts received and receivable from the provision of services on alteration and addition works and civil engineering works in Hong Kong (all recognised over time under construction contracts in Hong Kong) during the year.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Contract revenue from provision of services on alteration and addition works	129,260	161,381
Contract revenue from provision of services on civil engineering works	<u>91,594</u>	<u>113,730</u>
	<u><u>220,854</u></u>	<u><u>275,111</u></u>

(ii) **Performance obligations for contracts with customers**

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

Revenue from provision of services on alteration and addition works and civil engineering works is therefore recognised over time using output method, i.e. based on surveys of alteration and addition works and civil engineering works completed by the Group to date as certified by architects, surveyors or other representatives appointed by the customers or estimated with reference to the progress payment application submitted by the Group to the customers in relation to the works completed by the Group that best depicts the Group's performance in transferring control of services. For projects where there are no certificates from architects or surveyors available or the progress payment agreed with customer cannot depict the Group's performance in transferring control of services, revenue is recognised over time using input method, i.e. based on actual costs incurred by the Group to date compared with total budgeted costs for the relevant project to estimate the revenue recognised during the year.

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

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

**4. SEGMENT INFORMATION**

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

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

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

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

### Segment revenue and results

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

*For the year ended 31 March 2023*

	<b>Alteration and addition works HK\$'000</b>	<b>Civil engineering works HK\$'000</b>	<b>Total HK\$'000</b>
Segment revenue – external	<u>129,260</u>	<u>91,594</u>	<u>220,854</u>
Segment results	<u>7,506</u>	<u>7,145</u>	14,651
Other income and other gains and losses, net			2,963
Administrative expenses			<u>(12,406)</u>
Profit before tax			<u>5,208</u>

*For the year ended 31 March 2022*

	Alteration and addition works HK\$'000	Civil engineering works HK\$'000	Total HK\$'000
Segment revenue – external	<u>161,381</u>	<u>113,730</u>	<u>275,111</u>
Segment results	<u>6,675</u>	<u>15,481</u>	22,156
Other income and other gains and losses, net			180
Administrative expenses			<u>(12,200)</u>
Profit before tax			<u>10,136</u>

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, other gains and losses, net and administrative expenses. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

## 5. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other income:		
Interest income	1,738	104
Government grants	1,127	17
Others	<u>123</u>	<u>–</u>
	<u><b>2,988</b></u>	<u><b>121</b></u>
Other gains and losses, net:		
Gains (losses) on disposal of property, plant and equipment, net	40	(8)
Others	<u>(65)</u>	<u>67</u>
	<u><b>(25)</b></u>	<u><b>59</b></u>

During the year, the Group recognised government grants of approximately HK\$1.1 million (2022: approximately HK\$17,000) in respect of COVID-19-related subsidies provided by the Hong Kong government, of which approximately HK\$1.1 million and Nil (2022: Nil and approximately HK\$17,000) are related to Employment Support Scheme and One-off subsidy from Distance Business Programme, respectively.

## 6. INCOME TAX EXPENSE

No Hong Kong Profits Tax is provided on profits arising in Hong Kong since the assessable profits of the Company and its subsidiaries for the years ended 31 March 2023 and 31 March 2022 are wholly absorbed by tax losses brought forward.

## 7. PROFIT BEFORE TAX

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit before tax has been arrived at after charging:		
Staff costs (including directors' emoluments):		
– Salaries and other benefits	21,630	22,598
– Discretionary bonus	2,085	4,829
– Retirement benefit scheme contributions	739	816
	<u>24,454</u>	<u>28,243</u>
Auditor's remuneration		
– the Company	780	850
– subsidiaries of the Company	232	339
	<u>1,012</u>	<u>1,189</u>
Depreciation of property, plant and equipment	781	815
Short-term leases expense	<u>1,150</u>	<u>862</u>

## 8. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
– 2023 Interim: Nil (2022 Interim: HK6.45 cents per share)	<u>–</u>	<u>39,990</u>

The directors of the Company do not recommend the payment of a final dividend for ordinary shares in respect of the year ended 31 March 2023 (2022: Nil).

## 9. EARNINGS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Earnings for the purpose of calculating basic earnings per share (Profit for the year attributable to the owners of the Company)	<u>5,208</u>	<u>10,136</u>
	<b>No. of shares '000</b>	<b>No. of shares '000</b>
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 years as there was no potential ordinary share in issue.

## 10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	18,827	24,180
Less: Allowance of credit losses for trade receivables	<u>(413)</u>	<u>(459)</u>
	18,414	23,721
Other receivables	1,490	373
Less: Allowance of credit losses for other receivables	<u>(7)</u>	<u>(13)</u>
	1,483	360
Advances to sub-contractors and suppliers	2,899	2,844
Prepayments and deposits	<u>3,637</u>	<u>3,483</u>
	<u>26,433</u>	<u>30,408</u>

## Trade receivables

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

The Group allows generally a credit period ranging from 30 to 90 days (2022: from 30 to 90 days) to its customers.

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
1 – 30 days	<b>14,495</b>	14,874
31 – 60 days	–	8,335
61 – 90 days	<b>3,919</b>	40
Over 90 days	–	472
	<b>18,414</b>	<b>23,721</b>

## 11. TRADE, RETENTION AND OTHER PAYABLES

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	<b>42,329</b>	35,512
Retention payables	<b>14,001</b>	11,924
Staff costs payables	<b>3,711</b>	3,801
Other payables	<b>2,729</b>	2,618
	<b>62,770</b>	<b>53,855</b>

## Trade payables

The credit period of trade payables granted by the Group's suppliers are usually within 60 days (2022: 60 days).

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

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
1 – 30 days	<b>21,621</b>	25,262
31 – 60 days	<b>18,728</b>	6,213
61 – 90 days	<b>1,975</b>	4,037
Over 90 days	<b>5</b>	–
	<hr/> <b>42,329</b> <hr/>	<hr/> 35,512 <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Outlook

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

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

The shares of the Company (the “**Shares**”) were listed on the Main Board of the Stock Exchange on 30 April 2019 (the “**Listing Date**”), when 155,000,000 ordinary shares (comprising a public offer of 31,000,000 shares and placing of 124,000,000 shares) had been offered for subscription.

As at 31 March 2023, the Group had 10 contracts on hand (including contracts in progress and contracts which are yet to commence) with a total original contract value of approximately HK\$517.0 million. As at 31 March 2022, we had 7 contracts on hand with a total original contract value of approximately HK\$343.9 million.

In general, our customers primarily include property asset management companies, property developers and contractors in Hong Kong. We engage in projects in both public and private sectors. Public sector projects refer to projects of which the customer is a Government department, a statutory body or a Government controlled entity. During the year ended 31 March 2023, we focused undertaking projects in the private sector.

With the removal of COVID-19 related restrictions in Hong Kong during the year ended 31 March 2023, the gradual construction market in Hong Kong is expected to recover progressively. However, amid the uncertainty of the global economy and the after-effects of the pandemic, the current construction market in Hong Kong is still uncertain. Looking forward, the Group will continue to make effort in expanding its business network and customer base by closely monitoring the market conditions, actively participating in tendering sizable and profitable projects, and strengthening our cost control measures. Hence, the Directors of the Company remain cautiously optimistic to the construction industry in Hong Kong and believe that, with the effort of the Group, the Group can maintain a healthy financial position and its competitiveness in the market.

## **Financial Review**

### ***Revenue***

Our revenue decreased from approximately HK\$275.1 million for the year ended 31 March 2022 to approximately HK\$220.9 million for the year ended 31 March 2023, representing a decrease of approximately 19.7%.

The decrease was primarily because a project of civil engineering works segment with relatively higher contract sum had been substantially completed during the year ended 31 March 2022, but the new project of civil engineering works segment undertaken during the year ended 31 March 2023 was with relatively lower contract sum than that for the year ended 31 March 2022.

### ***Direct Costs***

Our direct costs decreased from approximately HK\$252.3 million for the year ended 31 March 2022 to approximately HK\$207.0 million for the year ended 31 March 2023, representing a decrease of approximately 17.9%. The direct costs were generally decreased in line with the decrease in revenue for the year ended 31 March 2023.

### ***Gross Profit and Gross Profit Margin of Operating Segments***

Our gross profit amounted to approximately HK\$22.9 million for the year ended 31 March 2022 and approximately HK\$13.8 million for the year ended 31 March 2023, representing a decrease of approximately 39.5%. The decrease in our gross profit was primarily due to a decrease in revenue of civil engineering works segment as explained above thereby affecting the gross profit of the civil engineering works notwithstanding there was an increase in gross profit from the alteration and addition works segment.

The gross profit margin of alteration and addition works segment increased from approximately 4.1% for the year ended 31 March 2022 to approximately 5.8% for the year ended 31 March 2023. The increase was mainly because the revenue, gross profit and gross profit margin generated from certain projects of alteration and addition works during the year ended 31 March 2023 were higher than those for the year ended 31 March 2022 as works for those projects were at the initial stages as at 31 March 2022.

The gross profit margin of civil engineering works segment decreased from approximately 13.6% for the year ended 31 March 2022 to approximately 7.8% for the year ended 31 March 2023. The decrease was mainly because the new project of civil engineering works segment undertaken during the year ended 31 March 2023 generated a lower revenue, gross profit and gross profit margin than the year ended 31 March 2022.

### ***Other Income and Other Gains and Losses, Net***

Our other income increased from approximately HK\$121,000 for the year ended 31 March 2022 to approximately HK\$3.0 million for the year ended 31 March 2023. Such increase was mainly due to the increase of (i) the government grants under Anti-Epidemic Fund and Employment Support Scheme of HK\$1.1 million was recognised for the year ended 31 March 2023 while no such grant was recognised for the year ended 31 March 2022; and (ii) bank interest income from approximately HK\$104,000 for the year ended 31 March 2022 to HK\$1.7 million for the year ended 31 March 2023.

Our other gains and losses, net, decreased from a net gain of approximately HK\$59,000 for the year ended 31 March 2022 to a net loss of approximately HK\$25,000 for the year ended 31 March 2023. Such decrease was mainly due to the increase in exchange losses arising from our foreign currency deposits placed during the year ended 31 March 2023.

### ***Administrative Expenses***

Our administrative expenses amounted to approximately HK\$12.4 million for the year ended 31 March 2023 which are comparable to that of approximately HK\$12.2 million for the year ended 31 March 2022.

### ***Profit Before Tax***

Our profit before tax decreased from approximately HK\$10.1 million for the year ended 31 March 2022 to approximately HK\$5.2 million for the year ended 31 March 2023, which was mainly attributable to the decrease in gross profit as discussed above.

Our income tax expenses remained nil for the years ended 31 March 2023 and 2022 because the assessable profits of the Group for the years ended 31 March 2023 and 2022 are wholly absorbed by tax losses brought forward.

## ***Profit and Total Comprehensive Income for the Year***

Our profit and total comprehensive income for the year decreased from approximately HK\$10.1 million for the year ended 31 March 2022 to approximately HK\$5.2 million for the year ended 31 March 2023, which was mainly due to the decrease in gross profit as discussed above.

## ***Key Financial Ratio***

	<i>Notes</i>	<b>As at 31 March 2023</b>	As at 31 March 2022
Current ratio	<i>1</i>	<b>3.4 times</b>	4.1 times
Return on total assets	<i>2</i>	<b>1.9%</b>	4.1%
Return on equity	<i>3</i>	<b>2.7%</b>	5.3%
Net profit margin	<i>4</i>	<b>2.4%</b>	3.7%

### *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 and total comprehensive income 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 for the year divided by the revenue for the respective reporting years.

## ***Current Ratio***

Our current ratio decreased from approximately 4.1 times as at 31 March 2022 to approximately 3.4 times as at 31 March 2023. The decrease was mainly due to the increase in contract liabilities and hence the current liabilities increased.

## ***Return on Total Assets***

Our return on total assets decreased from approximately 4.1% for the year ended 31 March 2022 to approximately 1.9% for the year ended 31 March 2023. The decrease was mainly due to the decrease of profit and total comprehensive income for the year ended 31 March 2023 as discussed above.

### ***Return on Equity***

Our return on equity decreased from approximately 5.3% for the year ended 31 March 2022 to approximately 2.7% for the year ended 31 March 2023. The decrease was mainly due to the decrease of profit and total comprehensive income for the year ended 31 March 2023 as discussed above.

### ***Net Profit Margin***

Our Group's net profit margin decreased from approximately 3.7% for the year ended 31 March 2022 to approximately 2.4% for the year ended 31 March 2023. The decrease was primarily due to the decrease of profit and total comprehensive income for the year ended 31 March 2023 as discussed above.

### **Liquidity, Financial Resources and Capital Structure**

As at 31 March 2023, the Company's issued capital was HK\$6.2 million and the number of its issued ordinary shares was 620,000,000 shares of HK\$0.01 each.

As at 31 March 2023, the Group had total cash and cash equivalents, bank deposits with original maturity more than three months and restricted bank deposits of approximately HK\$142.9 million, approximately HK\$22.2 million and approximately HK\$24.2 million respectively (31 March 2022: approximately HK\$125.8 million, HK\$0.9 million and HK\$24.2 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 2023.

### **Foreign Exchange Exposures**

As the Group only operates in Hong Kong and all of the revenue and transactions arising from its operations were settled in Hong Kong dollars, the Directors are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange exposure for the year ended 31 March 2023 as well as for the year ended 31 March 2022.

### **Gearing Ratio**

Gearing ratio is calculated as total borrowings divided by total equity as at the year ended date and expressed as a percentage. The gearing ratio of the Group as at 31 March 2023 remained Nil (31 March 2022: Nil).

## **Debts and Charges on Assets**

As at 31 March 2023, the Group had a performance bond of approximately HK\$24.2 million (2022: HK\$24.2 million) given by a bank, in favour of the Group's customer as security for the due performance and observance of the Group's obligations under the contract entered into between the Group and its customer.

As at 31 March 2023 and 2022, the performance bond given by the bank was granted under the bank facilities of the Group which were secured by the restricted bank deposits and personal guarantee given by Mr. Lo Wing Hang, an executive director, Vice Chairman and Chief Executive Officer of the Company, in favour of the bank.

## **Capital Commitments and Contingent Liabilities**

As at 31 March 2023 and 2022, 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 2023, the Group did not have any significant investment held, any material acquisitions or disposals of subsidiaries and associated companies.

## **Future Plans for Material Investment or Capital Assets**

Save as disclosed under the section headed "Future Plans and Use of Proceeds" in the Prospectus, there was no plans for material investments or capital assets as at 31 March 2023.

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

The Shares of the Company were listed on the Listing Date. The net proceeds from the initial public offering amounted to approximately HK\$96.7 million, which has been utilised by the Group in accordance with the disclosure as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

The net proceeds have been fully utilised during the year ended 31 March 2023. Details of the use of the proceeds are listed as below:

	<b>Planned use of proceed</b>	<b>Unutilised net proceeds as at 31 March 2022</b>	<b>Amount utilised during the year ended 31 March 2023</b>	<b>Actual usage from the Listing Date to 31 March 2023</b>	<b>Unused amount up to 31 March 2023</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Strengthening our financial position	77,428	–	–	77,428	–
Expanding our workforce	10,840	3,338	3,338	10,840	–
Enhancing our machinery fleet					
– Replacing NRMM exempted machinery	4,162	–	–	4,162	–
General working capital	4,355	–	–	4,355	–
	<u>96,785</u>	<u>3,338</u>	<u>3,338</u>	<u>96,785</u>	<u>–</u>

## **Employees and Remuneration Policy**

As at 31 March 2023, we employed a total of 49 full-time employees (including two executive Directors but excluding three independent non-executive Directors), as compared to a total of 54 full-time employees as at 31 March 2022. The remuneration packages that the Group offers to employees include salary, discretionary bonuses, staff benefits, contributions and retirement schemes as well as other cash subsidies. In general, the Group determines employee's salaries based on each employee's qualifications, position, experience 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 2023 was approximately HK\$24.5 million compared to approximately HK\$28.2 million in the corresponding year ended 31 March 2022.

## **Final Dividends**

The Board did not recommend the payment of a final dividend for the year ended 31 March 2023 (2022: Nil).

## **CORPORATE GOVERNANCE CODE/OTHER INFORMATION**

### **Compliance with the Corporate Governance Code**

The Company has adopted the principles and all relevant code provisions as set out under the Corporate Governance Code (the “**CG code**”) as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). To the best of the knowledge of the Board, the Company has complied with the CG code for the year ended 31 March 2023 and up to the date of this announcement. The Directors will periodically review on the Company’s corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the code provisions from time to time.

### **Compliance with the Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as a code of conduct of the Company regarding Directors’ securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code for the year ended 31 March 2023 and up to the date of this announcement.

### **Share Option Scheme**

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

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

## **Competing Interests**

The Directors confirm that neither the controlling shareholders of the Company nor their respective close associates (as defined in the Listing Rules) is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business for the year ended 31 March 2023 and up to the date of this announcement, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

## **Purchase, Sale or Redemption of the Company's Listed Securities**

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries for the year ended 31 March 2023 and up to the date of this announcement.

## **Events after the year ended 31 March 2023**

Save as disclosed in this announcement, the Board is not aware of any significant event requiring disclosure that has been occurred after the year ended 31 March 2023 and up to the date of this announcement.

## **Sufficiency of Public Float**

Based on the information that was publicly available and with the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed minimum public float for its shares as required under the Listing Rules for the year ended 31 March 2023 and up to the date of this announcement.

## **Scope of Work of Messrs. Deloitte Touche Tohmatsu**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary 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.

## **Change in Directors**

Mr. Cheung Ting Kin resigned as an independent non-executive Director as well as a member of the audit committee and a member of the nomination committee of the Company with effect from 1 January 2023. In view of the resignation of Mr. Cheung Ting Kin, Ms. Li Yuen Shan was appointed as an independent non-executive Director as well as a member of the audit committee and a member of the nomination committee of the Company with effect from the same date of 1 January 2023. For details of the change in the director, please refer to the announcement of the Company dated 30 December 2022. Save as aforesaid mentioned, there was no change in Directors during the year ended 31 March 2023.

## **Audit Committee**

The Company established the audit committee on 4 April 2019 in accordance with Rule 3.21 of the Listing Rules with the written terms of reference in compliance with the CG code as set out in Appendix 14 of the Listing Rules. The audit committee consists of three independent non-executive Directors, namely, Mr. Yeung Tze Long, Mr. Chan Pui Hang Ian and Ms. Li Yuen Shan. 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 2023.

The Group's audited consolidated financial statements for the year ended 31 March 2023 have been reviewed and approved by the audit committee. The audit committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

## **Annual General Meeting**

The annual general meeting of the Company will be held in Hong Kong on Tuesday, 8 August 2023. The notice of the annual general meeting will be published in the Company's website and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

## **Closure of Register of Members**

The register of members of the Company will be closed from Thursday, 3 August 2023 to Tuesday, 8 August 2023, both days inclusive, during which period no transfer of shares will be registered. In order to establish entitlements of attending and voting at the forthcoming annual general meeting of the Company to be held on Tuesday, 8 August 2023, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 2 August 2023.

## **Publication of Final Results and Annual Report**

This results announcement is published on the Company's website at [www.bnd-strategic.com.hk](http://www.bnd-strategic.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The 2023 annual report of the Company for the year ended 31 March 2023 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, 21 June 2023

*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 Ms. Li Yuen Shan as independent non-executive Directors.*