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KYOSEI TECHNOLOGY INC.

*(Incorporated in the British Virgin Islands
with limited liability)*

B & D Strategic Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1780)*

JOINT ANNOUNCEMENT

- (1) ACQUISITION OF CONTROLLING INTEREST IN
B & D STRATEGIC HOLDINGS LIMITED BY
KYOSEI TECHNOLOGY INC.**
- (2) UNCONDITIONAL MANDATORY CASH OFFER BY
GET NICE SECURITIES LIMITED
FOR AND ON BEHALF OF
KYOSEI TECHNOLOGY INC. TO ACQUIRE ALL THE
ISSUED SHARES OF B & D STRATEGIC HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**
- (3) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE**
- (4) APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER
AND**
- (5) RESUMPTION OF TRADING**

Financial Adviser to the Offeror



**Independent Financial Adviser to
the Independent Board Committee**



Capital 9 Limited

THE SALE AND PURCHASE AGREEMENT

The Company was informed by the Vendor that on 11 September 2023 (after trading hours), the Offeror and the Vendor, being the then controlling Shareholder, entered into the Sale and Purchase Agreement pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase the Sale Shares, representing 75% of the total issued share capital of the Company as at the date of this joint announcement, at a cash consideration of HK\$233,500,000 (equivalent to approximately HK\$0.5022 per Sale Share).

The Share Transfer Completion was not subject to any condition and took place immediately upon the signing of the Sale and Purchase Agreement on 11 September 2023.

UNCONDITIONAL MANDATORY CASH OFFER

Immediately prior to the Completion, the Offeror and parties acting in concert with it did not hold, own, have control or direction over any voting rights or rights over the Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Upon the Completion and as at the date of this joint announcement, the Offeror and parties acting in concert with it beneficially own 465,000,000 Shares, representing 75% of the total issued share capital of the Company.

In accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for the Offer Shares, being all the Shares in issue, other than those already owned by the Offeror or parties acting in concert with it.

As at the date of this joint announcement, the Company has 620,000,000 Shares in issue. Save for the aforesaid, the Company did not have any outstanding securities, warrants, options or derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this joint announcement in issue which may confer any rights to subscribe for, convert or exchange into Shares and has not entered into any agreement for the issue of such warrants, options, derivatives or securities which are convertible or exchangeable into Shares as at the date of this joint announcement.

Get Nice Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offer to acquire all the Offer Shares.

The Offer Price will be HK\$0.503 per Offer Share which is the same as the price paid by the Offeror (rounded up to three decimal places) for each Sale Share pursuant to the Sale and Purchase Agreement. The principal terms of the Offer are set out under the section headed “UNCONDITIONAL MANDATORY CASH OFFER” in this joint announcement.

The Offer will be unconditional in all respects and will be for all existing issued Shares but excluding the Sale Shares and any other Shares already owned or agreed to be acquired by the Offeror and persons acting in concert with it.

The Offeror would finance the consideration payable under the Offer by the Loan Facility granted by Get Nice Securities.

Get Nice Securities, as the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for the full acceptance of the Offer.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

In accordance with Rule 2.1 of the Takeovers Code, the Company has established the Independent Board Committee comprising Mr. Yeung Tze Long, Mr. Chan Pui Hang Ian and Ms. Li Yuen Shan, being all the independent non-executive Directors, who have no direct or indirect interest in the Offer, to make recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

Capital 9 Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, has been appointed as the Independent Financial Adviser by the Company (with approval from the Independent Board Committee) to advise the Independent Board Committee in relation to the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. The letter of advice from Capital 9 Limited to the Independent Board Committee in respect of the Offer will be included in the Composite Document to be despatched jointly by the Company and the Offeror to the Shareholders pursuant to the Takeovers Code.

DESPATCH OF THE COMPOSITE DOCUMENT

It is the intention of the respective boards of directors of the Offeror and the Company to combine the offer document and the offeree board circular into the Composite Document in accordance with the Takeovers Code. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document should be despatched within 21 days of the date of this joint announcement or such later date as may be permitted by the Takeovers Code and approved by the Executive and in compliance with the requirements of the Takeovers Code and other applicable regulations. It is expected that the Composite Document shall be despatched on or before 10 October 2023.

The Composite Document will contain, among other things, details of the Offer (including the expected timetable and terms of the Offer and accompanying therewith the acceptance and transfer form) and incorporate the letter of recommendation from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer and other relevant information on the Offeror and the Group as required under the Takeovers Code.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 12 September 2023 pending the publication of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 20 September 2023.

WARNING

This joint announcement is made in compliance with the Takeovers Code for the purpose of, among other things, informing the Independent Shareholders of the Offer to be made. The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee in respect of the Offer and the letter of advice from the Independent Financial Adviser to the Independent Board Committee.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the relevant securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers as and when appropriate.

1. THE SALE AND PURCHASE AGREEMENT

The Company was informed by the Vendor that on 11 September 2023 (after trading hours), the Offeror and the Vendor entered into the Sale and Purchase Agreement pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase the Sale Shares, representing 75% of the total issued share capital of the Company as at the date of this joint announcement, at a cash consideration of HK\$233,500,000 (equivalent to approximately HK\$0.5022 per Sale Share), free from all encumbrances and together with all rights now or hereafter attaching to them as at Completion, including all rights to any dividend or other distribution which may be declared, made or paid on or after the date of Completion. The total consideration has been paid by the Offeror from its internal resources of HK\$96,000,000 and financing from the Loan Facility of HK\$137,500,000. The Completion was not subject to any condition and took place immediately upon the signing of the Sale and Purchase Agreement on 11 September 2023.

The Vendor is beneficially owned as to 69.48% by Mr. Tang Wing Kwok (the Chairman and an executive Director of the Company) and 30.52% by Mr. Lo Wing Hang (the Vice-chairman, the chief executive officer and an executive Director of the Company).

Immediately after Completion, the Vendor no longer holds, owns, controls or has direction over any Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Immediately before entering into the Sale and Purchase Agreement and as at the date of this joint announcement, the Offeror and its ultimate beneficial owners are third parties independent of, and not connected with, either the Company or any of its connected persons, and not a party acting in concert with any of them, save that the Offeror has become a controlling Shareholder upon the Completion. For further information of the Offeror, please refer to the paragraph headed “INFORMATION ON THE OFFEROR” below.

2. UNCONDITIONAL MANDATORY CASH OFFER

Offer for the Offer Shares

Immediately prior to the Completion, the Offeror and parties acting in concert with it did not hold, own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Upon the Completion and as at the date of this joint announcement, the Offeror and parties acting in concert with it beneficially own 465,000,000 Shares, representing 75% of the total issued share capital of the Company.

In accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for the Offer Shares, being all the Shares in issue, other than those already owned by the Offeror or parties acting in concert with it.

As at the date of this joint announcement, the Company has 620,000,000 Shares in issue. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this joint announcement.

Get Nice Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offer to acquire the Offer Shares on the following basis:

For each Offer Share HK\$0.503 in cash

The Offer Price is the same as the price paid by the Offeror (rounded up to three decimal places) for each Sale Share pursuant to the Sale and Purchase Agreement.

The Offer will be extended to all Independent Shareholders in accordance with Rule 26.1 of the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the offer is made (i.e. being the date of despatch of the Composite Document).

The Offer will be unconditional in all respects and will be for all existing issued Shares but excluding the Sale Shares and any other Shares already owned or agreed to be acquired by the Offeror and persons acting in concert with it.

Comparisons of Value

The Offer Price of HK\$0.503 per Offer Share represents:

- (1) a discount of approximately 79.72% to the closing price of HK\$2.48 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (2) a discount of approximately 79.39% to the average closing price of HK\$2.44 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Date;
- (3) a discount of approximately 77.08% to the average closing price of approximately HK\$2.195 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Date;
- (4) a discount of approximately 74.52% to the average closing price of approximately HK\$1.974 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date; and
- (5) a premium of approximately 58.68% over the audited consolidated net assets value per Share of approximately HK\$0.317 as at 31 March 2023, the date on which the latest audited financial results of the Group were made up (based on the Company's audited consolidated net asset value of approximately HK\$196,420,000 as at 31 March 2023 and 620,000,000 Shares in issue as at the date of this joint announcement).

Highest and Lowest Share Prices

During the six-month period immediately preceding the date of this joint announcement and up to and including the Last Trading Date, the highest closing price of the Shares was HK\$2.58 per Share as quoted on the Stock Exchange on 7 September 2023 and the lowest closing price of the Shares was HK\$0.92 per Share as quoted on the Stock Exchange on 21 March 2023.

Total value of the Offer

On the basis of 620,000,000 Shares in issue as at the date of this joint announcement and the Offer Price, the entire issued share capital of the Company is valued at HK\$311,860,000. Excluding the 465,000,000 Sale Shares acquired by the Offeror under the Sale and Purchase Agreement, 155,000,000 Shares will be subject to the Offer and the Offer is valued at HK\$77,965,000 based on the Offer Price.

Financial Resources

The Offeror would finance the consideration payable under the Offer by the Loan Facility granted by Get Nice Securities. The Loan Facility is secured by (i) a share charge of all the Sale Shares held by the Offeror upon the Completion and all the Shares to be acquired and owned by the Offeror under the Offer in favour of Get Nice Securities; (ii) a deed of guarantee (which primarily serves as the personal guarantee on the repayment of the Loan Facility in favour of Get Nice Securities as the lender) executed by two of the shareholders of the Offeror, namely Mr. Kenichi Yanase and Dr. Hiroshi Kaneko (the “**Guarantors**”); and (iii) a subordination agreement (which primarily states that the Offeror is obliged to first repay all outstanding amount under the Loan Facility due to Get Nice Securities as the lender before any repayment of shareholder’s loans (if any)) executed by the Offeror, the Guarantors and Ms. Pan Nan, being the remaining shareholder of the Offeror.

Get Nice Securities, as the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for the full acceptance of the Offer as described above.

Effect of Accepting the Offer

The Offer is unconditional in all respects and is not conditional upon acceptance being received in respect of a minimum number of Shares or any other conditions.

By accepting the Offer, the Independent Shareholders (being the Shareholders other than the Offeror and the parties in concert with it) will sell to the Offeror the Offer Shares free from all liens, charges, options, claims, equity, rights of pre-emption and any other third party rights or encumbrances of any nature whatsoever and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the offer is made (i.e. being the date of despatch of the Composite Document). Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

As at the date of this Joint Announcement, the Company has not declared any dividend which remains unpaid, and the Company does not intend to declare, make or pay any dividend or other distributions prior to the close of the Offer.

The Offer will be made in compliance with the Takeovers Code which is administered by the Executive.

Independent Shareholders are reminded to read the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser which will be included in the Composite Document.

Overseas Shareholders

As the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including but not limited to the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from such Shareholder in respect of such jurisdictions as a result of the acceptance of the Offer). Acceptance of the relevant Offer by such Shareholders will constitute a representation and warranty to the Offeror that legal and regulatory requirements of all relevant territories in connection with the acceptance of the Offer have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Hong Kong Stamp Duty

Seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by each accepting Independent Shareholder at the rate of 0.13% of the consideration payable by the Offeror to such accepting Shareholder or if higher, the market value of the Shares, and will be deducted from the cash amount payable to such accepting Shareholder.

The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment (after deducting the accepting Shareholders' share of stamp duty) in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) business days (being a day on which the Stock Exchange is open for the transaction of business) of the receipt of duly completed acceptances. Relevant documents of title must be received by the Registrar to render each acceptance of the Offer complete and valid.

No fractions of a cent will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Get Nice Securities and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Dealing and interest in the Company's securities

Save for the acquisition of the Sale Shares by the Offeror, none of the Offeror, its ultimate beneficial owners, nor parties acting in concert with any of them have dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the six-month period immediately prior to the date of this joint announcement and up to and including the date of this joint announcement.

Other Arrangements

The Offeror confirms that as at the date of this joint announcement:

- (a) save for the Offeror's interest in the Sale Shares, none of the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (b) the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them have not received any irrevocable commitment to accept the Offer;
- (c) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror, its ultimate beneficial owners and/or parties acting in concert with any of them;
- (d) save for the Loan Facility, there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offer;
- (e) Other than the consideration paid to the Vendor under the Sale and Purchase Agreement (i.e. HK\$233,500,000), there is no other consideration, compensation or benefits in whatever form provided or to be provided by the Offeror, its ultimate beneficial owners or their respective concert parties to the Vendor or their respective concert parties in connection with the Sale Shares;
- (f) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (g) there is no understanding, arrangement or agreement or special deal under Rule 25 of the Takeovers Code between the Offeror, its ultimate beneficial owners or their respective concert parties on the one hand and the Vendor and its concert parties on the other hand; and
- (h) the Offeror and parties acting in concert with it have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

The Company confirms that, as at the date of this joint announcement, there is no understanding, arrangement or agreement or special deal under Rule 25 of the Takeovers Code between any Shareholders on the one hand, and the Company, its subsidiaries or associated companies on the other hand.

INFORMATION ON THE GROUP

The Company is an investment holding company and was incorporated in the Cayman Islands with limited liability and its Shares have been listed on the Main Board since 30 April 2019.

The Group is a construction contractor principally engaged in providing (i) alteration and addition works; and (ii) civil engineering works, solely in Hong Kong.

The following table is a summary of certain audited consolidated financial information of the Group for the two financial years ended 31 March 2023 as extracted from the Company's annual report published on 13 July 2023:

	Year ended 31 March	
	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Revenue	275,111	220,854
Gross profit	22,861	13,822
Profit before tax	10,136	5,208
Profit for the year	10,136	5,208
	As at 31 March	
	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Consolidated net asset value	191,212	196,420

Shareholding structure of the Company

As at the date of this joint announcement, there are a total of 620,000,000 Shares in issue. Saved as disclosed above, the Company has no other outstanding warrants, options, derivatives or securities convertible into Shares. The table below sets out the shareholding structure of the Company immediately prior to the Completion and immediately after the Completion and as at the date of this joint announcement:

Shareholder	Immediately prior to the Completion		Immediately after the Completion and as at the date of this joint announcement	
	<i>Number of Shares</i>	<i>% of issued share capital</i>	<i>Number of Shares</i>	<i>% of issued share capital</i>
<i>Offeror and parties acting in concert with it</i>				
The Offeror (<i>Note 1</i>)	–	–	465,000,000	75.0%
Parties acting in concert with the Offeror	–	–	–	–
Subtotal	–	–	465,000,000	75.0%
The Vendor (<i>Note 2</i>)	465,000,000	75.0%	–	–
Other Shareholders	155,000,000	25.0%	155,000,000	25.0%
Total	<u>620,000,000</u>	<u>100.00%</u>	<u>620,000,000</u>	<u>100.00%</u>

Notes:

- The Offeror is a company incorporated in the British Virgin Islands with limited liability, which is held as to 65.45% by Mr. Kenichi Yanase, 28.05% by Dr. Hiroshi Kaneko and 6.50% by Ms. Pan Nan.
- The Vendor is beneficially owned as to 69.48% by Mr. Tang Wing Kwok (the Chairman and an executive Director of the Company) and 30.52% by Mr. Lo Wing Hang (the Vice-chairman, the chief executive officer and an executive Director of the Company). As at the date of this joint announcement, Mr. Tang Wing Kwok and Mr. Lo Wing Hang are directors of the Vendor.

INFORMATION ON THE OFFEROR

The Offeror, Kyosei Technology Inc., is a company incorporated in the British Virgin Islands, with limited liability. The Offeror is an investment holding company and has not conducted any business since its incorporation. It is held as to 65.45% by Mr. Kenichi Yanase, 28.05% by Dr. Hiroshi Kaneko and 6.50% by Ms. Pan Nan. The directors of the Offeror are Mr. Kenichi Yanase and Dr. Hiroshi Kaneko.

Mr. Kenichi Yanase (“**Mr. Yanase**”), aged 57, has extensive experience in the field of banking, real estate and investment. Mr. Yanase is currently the chairman of Kyosei Bank Co.* (共生バンク株式会社), and is responsible for overseeing its daily operation and strategic planning. He has also been serving as its chief executive officer since January 2012. Prior to joining Kyosei Bank Co., Mr. Yanase founded Toshisouken Invest-Bank Co.* (都市綜研インベストバンク株式会社) and has been serving as its chairman since October 2007, and is primarily responsible for new business development and operations, as well as overseeing the real estate business in general. Mr. Yanase also founded Toshisouken Invest-Fund Co.* (都市綜研インベストファンド株式会社) and has been serving as its chairman since April 2010, and is primarily responsible for the management and operation of the real estate fund.

Kyosei-Bank Co. serves as the holding company for a group of companies. The group is principally engaged in real estate development and investment in Japan and offers a wide range of services, spanning across various sectors including theme park, hotel, tourism resources development, technology, agriculture, social welfare, and cold-chain logistics businesses. The types of real estate development projects include rental apartments, commercial projects, senior flats, accommodation and renovation projects.

Toshisouken Invest-Bank Co. is principally engaged in real estate development and rental business in Japan. The company has developed over 30 properties in a diverse range of types such as commercial, residential properties, hotels, and senior condominiums.

Toshisouken Invest-Fund Co. is principally engaged in real estate fund business primarily offering real estate fund products to retail investors in Japan.

Mr. Yanase has been acting as the non-executive director of Hong Wei (Asia) Holdings Company Limited (stock code: 8191), the shares of which are listed on GEM of the Stock Exchange, since 20 November 2021.

Mr. Yanase graduated from Kobe City Suma High School in March 1984.

Dr. Hiroshi Kaneko (“**Dr. Kaneko**”), aged 58, has extensive research experience in the field of environment, development and economic science in Japan, China and Northern America. He has been engaged in comprehensive utilization of environmental friendly materials and international trade. He is currently a vice president and chief financial officer of Kyosei-Bank Co* (共生バンク株式会社) and is mainly responsible for overseeing the financial aspects of new business development.

Dr. Kaneko has been acting as the executive director of Hong Wei (Asia) Holdings Company Limited (stock code: 8191), the shares of which are listed on GEM of the Stock Exchange, since 20 November 2021. Dr. Kaneko has also been appointed as an executive director and the chief executive of Fullsun International Holdings Group Co., Limited (stock code: 627), the shares of which are listed on the Main Board of the Stock Exchange, since 26 July 2023.

Dr. Kaneko received a Master of Engineering from Dalian University of Technology in 1989 and a doctoral degree in Engineering from the Department of the Advanced Interdisciplinary Studies from University of Tokyo in 1997.

Ms. Pan Nan, aged 38, has been a sophisticated investor for more than 10 years having experience in securities investment.

THE OFFEROR’S INTENTIONS IN RELATION TO THE GROUP

Regarding the business assets and employees of the Group

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group. The Offeror has no intention to (i) discontinue the employment of any employees of the Group (except for the proposed change to the members of the Board set out below); or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business. The Offeror will continue to monitor and review the Group’s business and operations from time to time, and may take steps that it deems necessary or appropriate to optimise the value of the Group. As confirmed by Mr. Yanase and Dr. Kaneko, being the directors and together as the controlling owners of the Offeror, they intend to leverage their extensive experience and network in the field of real estate development and investment to facilitate the Group’s construction business and to achieve synergy in the value chain in real estate industry.

Regarding the Board composition

As at the date of this joint announcement, the Board is made up of five Directors, comprising two executive Directors, being Mr. Tang Wing Kwok and Mr. Lo Wing Hang, and three independent non-executive Directors, being Mr. Yeung Tze Long, Mr. Chan Pui Hang Ian and Ms. Li Yuen Shan.

It is expected that the Offeror may require all of the Directors to resign from the Board from the earliest time permitted under the Takeovers Code. The Offeror intends to nominate Mr. Yanase as the chairman and an executive Director and Dr. Kaneko as an executive Director. The Offeror is in the course of identifying additional candidates for the Board subject to compliance with the Takeovers Code and the Listing Rules. The appointment of Director(s) nominated by the Offeror will not take effect earlier than the posting of the Composite Document in compliance with Rule 26.4 of the Takeovers Code.

Further announcement will be published by the Company in respect of the changes to the Board pursuant to the Takeovers Code and Listing Rules as and when appropriate.

The detailed information of Mr. Yanase and Dr. Kaneko is stated under section headed "INFORMATION ON THE OFFEROR" herein.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

It is the intention of the Offeror to maintain the listing of the Company on the Main Board following the close of the Offer.

Pursuant to the Listing Rules, if, after the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

the Stock Exchange may exercise its discretion to suspend trading in the Shares.

In this connection, it should be noted that following the close of the Offer, there may be insufficient public float of the Shares and therefore, trading in the Shares may be suspended until sufficient public float exists in the Shares.

The directors of the Offeror and the new Directors to be nominated by the Offeror and appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps following the close of the Offer to ensure that sufficient public float exists in the Shares.

DEALINGS DISCLOSURE

Under Rule 3.8 of the Takeovers Code, the respective associates (as defined in the Takeovers Code, including but not limited to persons who own or control 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) of the Company and of the Offeror are hereby reminded to disclose their dealings in any relevant securities of the Company pursuant to Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of the offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any seven-day period is less than HK\$1 million.

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

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

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

In accordance with Rule 2.1 of the Takeovers Code, the Company has established the Independent Board Committee comprising Mr. Yeung Tze Long, Mr. Chan Pui Hang Ian and Ms. Li Yuen Shan, being all the independent non-executive Directors, who have no direct or indirect interest in the Offer, to make recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

Capital 9 Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, has been appointed as the Independent Financial Adviser by the Company (with approval from the Independent Board Committee) to advise the Independent Board Committee in relation to the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. The letter of advice from Capital 9 Limited to the Independent Board Committee in respect of the Offer will be included in the Composite Document to be despatched jointly by the Company and the Offeror to the Shareholders pursuant to the Takeovers Code.

DESPATCH OF THE COMPOSITE DOCUMENT

It is the intention of the respective boards of directors of the Offeror and the Company to combine the offer document and the offeree board circular into the Composite Document in accordance with the Takeovers Code. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document should be despatched within 21 days of the date of this joint announcement or such later date as may be permitted by the Takeovers Code and approved by the Executive and in compliance with the requirements of the Takeovers Code and other applicable regulations. It is expected that the Composite Document shall be despatched on or before 10 October 2023.

The Composite Document will contain, among other things, details of the Offer (including the expected timetable and terms of the Offer and accompanying therewith the acceptance and transfer form) and incorporate the letter of recommendation from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer and other relevant information on the Offeror and the Group as required under the Takeovers Code.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 12 September 2023 pending the publication of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 20 September 2023.

WARNING

This joint announcement is made in compliance with the Takeovers Code for the purpose of, among other things, informing the Independent Shareholders of the Offer to be made. The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee in respect of the Offer and the letter of advice from the Independent Financial Adviser to the Independent Board Committee.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the relevant securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers as and when appropriate.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associate(s)”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors
“Company”	B & D Strategic Holdings Limited, a limited liability company incorporated in the Cayman Islands, whose Shares are listed on the Main Board of the Stock Exchange (Stock code: 1780)
“Completion”	the completion of the Sale and Purchase Agreement which took place on 11 September 2023

“Composite Document”	the composite offer and response document in connection with the Offer to be jointly despatched by the Offeror and the Company to the Shareholders in accordance with the Takeovers Code
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“GEM”	GEM operated by the Stock Exchange
“Get Nice Securities”	Get Nice Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO, who (i) is the financial adviser to the Offeror in respect of the Offer; (ii) granted the Loan Facility to the Offeror for its payment obligation under the Sale and Purchase Agreement and the Offer; and (iii) is the agent making the Offer for and on behalf of the Offeror
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Yeung Tze Long, Mr. Chan Pui Hang Ian and Ms. Li Yuen Shan, which has been established in accordance with the Takeovers Code to advise the Independent Shareholders in respect of the Offer

“Independent Financial Adviser”	Capital 9 Limited, a licensed corporation to carry on business in Type 6 (advising on corporate finance) regulated activities as defined under the SFO, who is the independent financial adviser appointed with the approval by the Independent Board Committee to make recommendation to the Independent Board Committee in relation to the Offer
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Last Trading Date”	11 September 2023, being the last full trading day immediately prior to the suspension of trading in the Shares on the Stock Exchange pending the publication of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Loan Facility”	the standby facility of up to HK\$219,000,000 granted by Get Nice Securities to the Offeror (including the arrangement of (i) a share charge of all the Sale Shares held by the Offeror upon the Completion and all the Shares to be acquired and owned by the Offeror under the Offer in favour of Get Nice Securities; (ii) a deed of guarantee (which primarily serves as the personal guarantee on the repayment of the Loan Facility in favour of Get Nice Securities as the lender) executed by two of the shareholders of the Offeror, namely Mr. Kenichi Yanase and Dr. Hiroshi Kaneko; and (iii) a subordination agreement (which primarily states that the Offeror is obliged to first repay all outstanding amount under the Loan Facility due to Get Nice Securities as the lender before any repayment of shareholder’s loans (if any)) executed by the Offeror, the Mr. Kenichi Yanase, Dr. Hiroshi Kaneko Guarantors and Ms. Pan Nan) of which up to HK\$139,000,000 to finance the part of the consideration payable for the Sale Shares under the Sale and Purchase Agreement and up to HK\$80,000,000 to finance the consideration payable under the Offer

“Offer”	the unconditional mandatory cash offer to be made by Get Nice Securities for and on behalf of the Offeror to acquire all the Offer Shares pursuant to Rule 26.1 of the Takeovers Code
“Offer Price”	the price of HK\$0.503 per Offer Share payable in cash by the Offeror on the terms of the Offer
“Offer Share(s)”	all the Shares in issue, other than those already owned by the Offeror or parties acting in concert with it, being 155,000,000 Shares
“Offeror”	Kyosei Technology Inc., a limited liability company incorporated in the British Virgin Islands, which is held as to 65.45% by Mr. Kenichi Yanase, 28.05% by Dr. Hiroshi Kaneko and 6.50% by Ms. Pan Nan
“Overseas Shareholder(s)”	Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“PRC”	the People’s Republic of China (for the purpose of this joint announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Registrar”	Boardroom Share Registrars (HK) Limited, the branch share registrar of the Company in Hong Kong
“Sale and Purchase Agreement”	the sale and purchase agreement dated 11 September 2023 entered into between the Offeror and the Vendor in relation to the Share Transfer
“Sale Share(s)”	465,000,000 Shares acquired by the Offeror pursuant to the Sale and Purchase Agreement, representing 75% of the total issued share capital of the Company as at the date of this joint announcement
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Transfer”	the transfer of the Sale Shares by the Vendor to the Offeror pursuant to the terms and conditions of the Sale and Purchase Agreement
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC in Hong Kong in force and as amended, supplemented or other modified from time to time
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“Vendor”	Sky Winner Holdings Limited, a limited liability company incorporated in the British Virgin Islands, a controlling Shareholder holding 75% of the issued share capital of the Company immediately prior to the Completion, and is beneficially owned as to 69.48% by Mr. Tang Wing Kwok (the Chairman and an executive Director of the Company) and 30.52% by Mr. Lo Wing Hang (the Vice-chairman, the chief executive officer and an executive Director of the Company)
%	Per cent.

By Order of the Board
Kyosei Technology Inc.
Kenichi Yanase
Director

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

Hong Kong, 19 September 2023

As at the date of this joint 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than any information relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, the directors of the Offeror are Mr. Kenichi Yanase and Dr. Hiroshi Kaneko.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than any information relating to the Company, the Vendor and their respective associates and parties acting in concert with them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

The English text of this joint announcement shall prevail over its Chinese text.

* *For identification purpose only*

** *The English transliteration of the Chinese/Japanese name(s) in this joint announcement, where indicated with “*”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese/Japanese names.*