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If you have sold or transferred all your shares in Steed Oriental (Holdings) Company Limited, you should at once hand this circular to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



Steed Oriental (Holdings) Company Limited

駿東（控股）有限公司

(Incorporated in the Cayman Islands with members' limited liability)

(Stock Code: 8277)

**MAJOR TRANSACTION IN RELATION TO
THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
THE TARGET COMPANY**

Capitalised terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 3 to 11 of this circular.

Pursuant to Rule 19.44 of the GEM Listing Rules, the written shareholders' approval from Ms. Sun and Mr. Xue has been obtained and accepted in lieu of holding a general meeting of the Company to approve the terms of, and the transactions contemplated, under the Sale and Purchase Agreement as the conditions set out under Rule 19.44 of the GEM Listing Rules are met. As such, no general meeting of the Company will be convened to approve the Disposal and this circular is despatched to the Shareholders for information purpose only.

This circular will remain on the "Latest Listed Company Information" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and will be published on the Company's website at www.steedoriental.com.hk.

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (except for Saturdays, Sundays, or public holidays, or days on which a tropical cyclone warning signal no.8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at 10:00 a.m.) on which licensed banks in Hong Kong are generally open for business
“Company”	Steed Oriental (Holdings) Company Limited, a company incorporated in the Cayman Islands with members’ limited liability and the issued Shares of which are listed on GEM
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date of the Completion, which shall be any day within five Business Days after the fulfillment of the conditions precedent of the Sale and Purchase Agreement (or such other date as the other Parties may agree)
“Consideration”	the consideration of the Disposal to be paid by the Purchaser to the Company, being HK\$47,707,803
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	11 May 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

DEFINITIONS

“Long Stop Date”	30 June 2022 or such later date as the Parties may agree in writing
“Mr. Xue”	Mr. Xue Zhao Qiang, being the executive Director
“Ms. Sun”	Ms. Sun Xue Song, being the chairman of the Company and the executive Director
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Faith Sino Ventures Limited, a company incorporated in the British Virgin Islands with limited liability
“Sale and Purchase Agreement”	the sale and purchase agreement dated 16 February 2022 entered into between the Company and the Purchaser in relation to the Disposal
“Sale Shares”	a total of 100,000 shares of the Target Company to be sold by the Company to the Purchaser according to the Sale and Purchase Agreement, being the entire issued share capital of the Target Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	CD Enterprises Company Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



Steed Oriental (Holdings) Company Limited

駿東（控股）有限公司

(Incorporated in the Cayman Islands with members' limited liability)

(Stock Code: 8277)

Executive Directors:

Ms. Sun Xue Song (*Chairman*)

Mr. Xue Zhao Qiang

Non-executive Director:

Mr. Ding Hongquan

Independent non-executive Directors:

Mr. Wang Wei

Ms. Dong Ping

Mr. Zhu Da

Registered office:

Cricket Square,

Hutchins Drive,

P.O. Box 2681,

Grand Cayman KY1-1111,

Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Room 2104, 21/F.,

OfficePlus @Wan Chai,

No. 303 Hennessy Road,

Wanchai,

Hong Kong

13 May 2022

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

INTRODUCTION

Reference is made to the announcement of the Company dated 16 February 2022 in relation to the Sale and Purchase Agreement entered into between the Company and the Purchaser, pursuant to which the Purchaser has conditionally agreed to purchase, and the Company has conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Company, at the Consideration of HK\$47,707,803 in cash.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) financial information of the Group; and (iii) other information as required under the GEM Listing Rules.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are as follows:

Date: 16 February 2022 (after trading hours)

Parties: The Company, being the vendor; and

Faith Sino Ventures Limited, being the Purchaser

(each a “**Party**” and collectively, the “**Parties**”)

As at the Latest Practicable Date, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Company, as the legal and beneficial owner, shall sell and the Purchaser shall purchase the Sale Shares, together with all the rights attaching to the Sale Shares on or after the Completion Date (including the receipt of dividend and profit distributions declared, distributed or paid on or after the Completion Date). The Sale Shares shall be free from any encumbrances, equitable interests, claims and adverse interests.

Consideration

The Consideration is HK\$47,707,803 which shall be settled by cash at the Completion.

The Consideration was determined after arm’s length negotiations between the Parties with reference to, among other things, the unaudited consolidated net liabilities of the Target Group of HK\$18,781,688 as at 30 September 2021 and the shareholder’s loan of HK\$66,489,491 due and owing by the Target Group to the Company as at 30 September 2021 (the “**Shareholder’s Loan**”). For avoidance of doubt, the Consideration has included the Sale Shares and the repayment of Shareholder’s Loan owed by the Target Group to the Company. The Directors consider that the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Conditions precedent

The Completion shall be subject to and conditional upon the fulfillment of the following conditions precedent:

- (a) the Parties having completed their respective necessary internal and external vetting procedures in respect of the Disposal, and having obtained necessary permissions, approvals, licenses, consents, authorisations and/or waivers, including vetting and approval by any regulatory authorities (if applicable);
- (b) the Company having obtained all approvals from the Stock Exchange in accordance with the GEM Listing Rules in respect of the transactions contemplated under the Sale and Purchase Agreement, and such approvals not having been cancelled or revoked before the Completion, and the Stock Exchange not having ruled the transactions contemplated under the Sale and Purchase Agreement as very substantial disposal, reverse takeover or extreme transaction under the GEM Listing Rules;
- (c) the Shareholders having approved all resolutions in relation to, including but not limited to, the Sale and Purchase Agreement and the transactions contemplated thereunder at the general meeting of the Company (or written approval given by a Shareholder or a closely allied group of Shareholders who hold or collectively hold more than 50% voting rights of the Company); and
- (d) the Company having complied with all the regulations under the GEM Listing Rules in respect of the Disposal and other transactions contemplated under the Sale and Purchase Agreement, and to the satisfaction of the Stock Exchange and the Securities and Futures Commission of Hong Kong.

All the conditions precedent above cannot be waived.

If the conditions precedent above have not been fulfilled on or before the Long Stop Date or such later date as the Parties may agree in writing, the Sale and Purchase Agreement shall be terminated, and no Party shall have any liability against the other Party under the Sale and Purchase Agreement, save for (a) antecedent breaches of any obligation under the Sale and Purchase Agreement; and (b) termination shall not affect the accumulated rights and responsibilities of both Parties and shall not be prevented from certain terms as set out in the Sale and Purchase Agreement.

The Company shall use its best endeavours to procure all conditions precedent (a) to (d) above have been fulfilled before the Long Stop Date.

As at the Latest Practicable Date, the condition precedent (c) has been fulfilled and none of the other conditions precedent has been fulfilled.

LETTER FROM THE BOARD

Completion

The Completion shall take place on the Completion Date or such other date as the Parties may agree in writing. The Consideration shall be settled by cash upon the Completion.

Upon the Completion, the Target Group will cease to be subsidiaries of the Company and its financial results will no longer be consolidated into the consolidated financial statements of the Group.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands with limited liability. It is principally engaged in investment holding. As at the Latest Practicable Date, the Purchaser is owned as to 51% by Mr. Huang Jianting (黃健庭) (“**Mr. Huang**”) and 49% by Ms. Li Ziyun (李紫雲) (“**Ms. Li**”).

Mr. Huang and Ms. Li also held a trading company, which is owned as to 51% by Mr. Huang and 49% by Ms. Li, and such trading company has been a customer of the Target Group since 2019. The trading company is principally engaged in the trading of plywood products.

Upon the Completion, the Purchaser will move upstream and achieve vertical integration in their business process.

INFORMATION ON THE GROUP

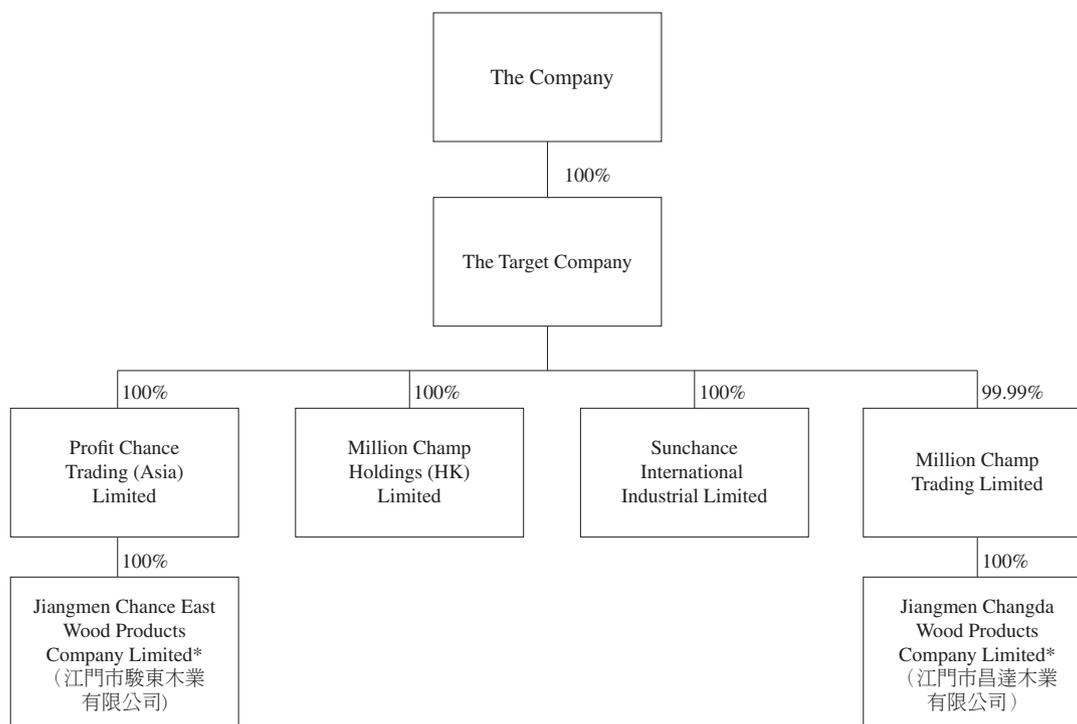
The principal activity of the Company is investment holding. The Group is principally engaged in the sourcing, manufacturing and sale of plywood products and other wooden products.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company. It is principally engaged in investment holding. The Target Group is principally engaged in sourcing, manufacturing and sale of plywood products and its major market is Japan.

LETTER FROM THE BOARD

As at the date of the Sale and Purchase Agreement, the shareholding structure of the Target Group is as follows:



Set out below is a summary of the consolidated financial information of the Target Group extracted from the audited financial statements for the years ended 31 March 2020 and 31 March 2021:

	For the year ended 31 March 2020	For the year ended 31 March 2021
	(Audited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>approximately</i>	<i>approximately</i>
Turnover	138,207	98,578
Loss before taxation	28,519	12,477
Loss after taxation	28,368	12,263

The unaudited consolidated net liabilities of the Target Group as at 30 September 2021 based on the unaudited consolidated financial statements of the Target Group was HK\$18,781,688.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE DISPOSAL

It is estimated that the Company will record a loss of approximately HK\$0.8 million (after deducting the estimated professional fees and other related expenses of approximately HK\$0.8 million) on the Disposal, after taking into account the difference between the Consideration, the unaudited consolidated net liabilities of the Target Group of HK\$18,781,688 as at 30 September 2021 and the Shareholder's Loan of HK\$66,489,491 as at 30 September 2021. The actual gain or loss to be recorded by the Company depends on the consolidated net liabilities of the Target Group as at the date of the Completion, which is subject to final audit to be performed by the auditors of the Company.

INFORMATION ON THE REMAINING GROUP

Upon the Completion, the Group will be principally engaged in manufacturing, sourcing, trading and sale of wooden products including but not limited to wooden building components, other wooden products such as wooden structural panel, wooden doors and windows and wooden furniture.

The Group will put more effort into the domestic market in the future in response to the continuous shrinking and instability of overseas business. The Group also aims to increase sales to the downstream market by cooperating with other plywood processing enterprises for the process and manufacturing of wooden products. Apart from expanding the customer base of the Group by seeking business opportunities in potential markets of other countries or areas, the management is also looking for other potential business development for the Group, including any possible expansion in the production capacity or diversification in the distribution channels of trading. The Directors believe that the Group is in a more advantageous position to further develop and expand its market and products than the small-scale local enterprises.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The net proceeds from the Disposal, after deducting costs and expenses relating to the Disposal, are expected to be approximately HK\$46.9 million. The Company intends to apply all net proceeds for repayment of existing bank borrowings and general working capital of the Group to develop and expand the domestic market of wooden products such as wooden structural panel, wooden doors and windows and wooden furniture in the PRC.

The Group is currently engaging its business in the domestic market and the overseas markets. According to the annual report of the Company for the year ended 31 March 2021, the customers of the Group are scattered from Japan, the PRC, Thailand, Hong Kong and other countries. Japan and the PRC are two major markets of the Group. Through the Disposal, the Company aims to reallocate the resources of the overseas markets and concentrate on the development of the domestic market, as the Directors consider that it may not be a good time to develop the overseas markets under the recent economic outlook, challenges and uncertainties.

LETTER FROM THE BOARD

The financial performance of the Target Group has been declining since 2019. The turnover and the gross profit of the Target Group for the year ended 31 March 2020 decreased by approximately 34.24% and 57.68% respectively as compared to 31 March 2019. The Target Group turned around from profit to loss during the same financial year. As for the year ended 31 March 2021, the turnover and the gross profit of the Target Group further decreased by approximately 28.67% and 7.69% respectively as compared to 31 March 2020.

The Directors have reviewed the plywood market in Japan. As affected by the Sino-US trade war which caused global economic uncertainty, overseas customers of the Group, especially the Japanese customers became more cautious when placing their purchasing orders. According to the report published by the Wood Products Trade Office of the Forestry Agency in Japan in June 2021 in relation to Japan's wood imports in 2020, the volume of plywood imports in Japan has shown a declining trend since 2018. From 2018 to 2020, the total volume of plywood imports has dropped by approximately 27.03%. Also, the market share of plywood imports in Japan is dominated by Malaysia and Indonesia, whereas the PRC is only a relatively small supplier. According to the market research, in 2019, Malaysia was the dominant tropical hardwood supplier to Japan, recording 852,300 cubic meters (cu m) against Indonesia's 767,000 cu m. In 2020, Malaysia and Indonesia were tied, each shipping about 702,700 cu m of plywood to Japan. Recently, Malaysia's plywood export to Japan market has expanded by double-digit and is way ahead of its main competitor, Indonesia. Japan has increased its import of tropical hardwood plywood from Malaysia in the first 10 months of 2021 by 14% in the corresponding period in 2020. On the other hand, Japan has slowed down plywood imports from Indonesia or down by 5% during the same period. The Company is therefore of the view that the plywood market in Japan is too competitive, and the Disposal will allow the Company to put its focus on the structural panel and other wooden products markets in the PRC. The Company will not allocate resources in overseas markets for the time being.

After considering and reviewing the conditions of the overseas plywood market, the Company is of the view that the Disposal can reduce the finance costs and operating costs of the Company. And the net proceeds from the Disposal will provide further financial resources for the Group such to improve its financial performance and financial position for future development in the market of the PRC.

Upon the Completion, the Group will remain to be engaged in manufacturing, sourcing, trading and sale of wooden products including but not limited to wooden building components, other wooden products such as wooden structural panel, wooden doors and windows and wooden furniture.

The Group's manufacturing plant with the site area of 157,182 sq.m. located in Ningjin County in the PRC will continue to operate upon the Completion.

LETTER FROM THE BOARD

During recent years under the pandemic environment, in comparing to the overseas market, the Group's business performance in the PRC remained stable and was not significantly impacted. In view of the prospect of the wooden product market in the PRC, the Group will put its focus on the development of the domestic market in the PRC. The Group will use its best endeavours to develop its business in Northeast China, and at the same time seek for opportunities to expand its customer base in the rest of the PRC.

In light of the above, the Directors consider that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal exceed 25% but all of them are less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders or any of their respective associate(s) have any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder and is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. As at the date of the Sale and Purchase Agreement and the Latest Practicable Date, Ms. Sun, being the chairman of the Company and the executive Director, held 123,041,695 Shares, representing approximately 46.88% of the total number of issued Shares. In addition, Mr. Xue, being the executive Director, held 27,978,425 Shares, representing approximately 10.66% of the total number of issued Shares. Accordingly, Ms. Sun and Mr. Xue in aggregate held 151,020,120 Shares, representing approximately 57.54% of the total number of issued Shares.

Accordingly, pursuant to Rule 19.44 of the GEM Listing Rules, the written shareholders' approval from Ms. Sun and Mr. Xue has been obtained and accepted in lieu of holding a general meeting of the Company to approve the terms of, and the transactions contemplated under, the Sale and Purchase Agreement as the conditions set out under Rule 19.44 of the GEM Listing Rules are satisfied. As such, no general meeting of the Company will be convened to approve the Disposal.

LETTER FROM THE BOARD

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfilment of the conditions precedent set out in the Sale and Purchase Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

Yours faithfully,
By Order of the Board
Steed Oriental (Holdings) Company Limited
Sun Xue Song
Chairman and Executive Director

* *For identification purposes only*

I. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021, are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.steedoriental.com.hk).

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2021 has been set out on pages 2 to 18 of the 2021 interim report of the Company which was posted on 11 November 2021 on the Stock Exchange's website. Please also see below quick link to the 2021 interim report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/1111/2021111100447.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2021 has been set out on pages 29 to 81 of the 2021 annual report of the Company which was posted on 29 June 2021 on the Stock Exchange's website. Please also see below quick link to the 2021 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0629/2021062900858.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2020 has been set out on pages 29 to 83 of the 2020 annual report of the Company which was posted on 31 July 2020 on the Stock Exchange's website. Please also see below quick link to the 2020 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0731/2020073101452.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2019 has been set out on pages 31 to 87 of the 2019 annual report of the Company which was posted on 27 June 2019 on the Stock Exchange's website. Please also see below quick link to the 2019 annual report:

<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0627/gln20190627191.pdf>

II. INDEBTEDNESS STATEMENT

As at the close of business on 31 March 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had secured bank loan of approximately HK\$184 million, lease liabilities of approximately HK\$137,000 and unsecured non-trade balances of approximately HK\$66 million. The summary is listed below:

- a) Secured bank loans to the Group of RMB149 million (equivalent to approximately HK\$184 million) which were secured by land use rights, property, plant and machinery and investment properties at a fixed rate ranging from 7.80% to 9.24% per annum and repayable by 2 July 2023 and 22 October 2023.
- b) Lease liabilities of approximately HK\$137,000 related to the lease of properties in Hong Kong.
- c) Unsecured non-trade balances due to directors of approximately RMB51 million (equivalent to approximately HK\$62 million) and related party of approximately RMB3 million (equivalent to approximately HK\$4 million).

Save as aforesaid and apart from intra-group liabilities and normal payables in the ordinary course of business, at the close of business on 31 March 2022, the Group did not have any other borrowings, mortgages, charges, debentures or debt securities issued and outstanding, authorised or otherwise created but unissued, or other indebtedness, liabilities under acceptances or acceptance credits, hire purchase commitments or other material contingent liabilities.

The Directors have confirmed that, save as disclosed above, there has not been any material change in the indebtedness and contingent liabilities of the Group since 31 March 2022.

III. WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, after taking into account the effects of the Disposal, in the absence of any unforeseen circumstances and after taking into account (i) the internal resources of the Group; and (ii) the Group's presently available banking and other facilities, the Group will have sufficient working capital for its present requirements and for at least the next twelve months from the date of this circular.

IV. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

V. FINANCIAL AND TRADING PROSPECT OF THE GROUP

In previous years, as the Group's business has mainly focused on the production and sales of plywood products, and the Group's customers were mainly scattered in Japan and some other countries or areas such as Thailand and Hong Kong, the Group was more susceptible to the changes in the global economic environment. In view of the continuous shrinking and instability of overseas business, the Group will put more effort into the domestic market in the future. The Group has been working hard to enrich its product categories and to explore the market in China, and has expanded its business to Northern China by strengthening its trading business and acquired Hebei Youlin Technology Company Limited* (河北優林科技有限公司) ("Hebei Youlin") as its wholly-owned subsidiary. The production plant of Hebei Youlin at Ningjin County, Hebei Province, the PRC, is primarily engaged in the sourcing, manufacturing and sale of wooden products. The Group also aims to increase sales to the downstream market by cooperating with other plywood processing enterprises for the process and manufacturing of wooden products.

Apart from expanding the customer base of the Group by seeking business opportunities in potential markets of other countries or areas, the management is also looking for other potential business development for the Group, including but not limited to any possible expansion in the production capacity or diversification in the products nature and the distribution channels.

Upon the Completion, the Group will remain to be engaged in manufacturing, sourcing, trading and sale of wooden products including but not limited to wooden building components, other wooden products such as wooden structural panel, wooden doors and windows and wooden furniture. The Board will review the Group's business and operations and continue to seek new opportunities to enhance and strengthen the business of the Group. The Board may consider to make any changes that it deems necessary or appropriate to the Group's businesses and operations to increase the value of the Group.

I. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

II. DISCLOSURE OF INTERESTS**(i) Interests of Directors and chief executives**

As at the Latest Practicable Date, the following Directors and chief executives of the Company had or were deemed to have interest or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules related to securities transactions by the Directors to be notified to the Company and the Stock Exchange:

Long position in the Shares

Name of Director	Capacity and nature of interest	Number of Shares held	Percentage of the Company's issued share capital
Ms. Sun Xue Song	Beneficial owner	123,041,695	46.88%
Mr. Xue Zhao Qiang	Beneficial owner	27,978,425	10.66%

Note: The percentage is calculated by dividing the number of shares interested or deemed to be interested by 262,473,333 issued shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

(ii) Interests of Substantial Shareholders and other persons

So far as known to the Directors, as at the Latest Practicable Date, no person (other than the Directors or chief executive of the Company as disclosed above) had, or were deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company (i) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

III. MATERIAL CONTRACTS

Within two years immediately preceding the Latest Practicable Date, the following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group which are or may be material:

- (i) the placing agreement dated 20 April 2021 entered into between the Company and Citrus Securities Limited, being the placing agent, pursuant to which the Company had conditionally agreed to place, through the placing agent on a best effort basis, up to 43,740,000 placing shares at the placing price of HK\$0.2 to not less than six placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons; and
- (ii) the Sale and Purchase Agreement.

IV. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group with remaining unexpired of 3 years which are not determinable by the employer within one year without payment of compensation (other than statutory compensation).

V. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

VI. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or any of their respective close associates has any interest in any business that competes or may compete, either directly or indirectly, with the business of the Group.

VII. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group, nor had any Director had any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

VIII. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board comprised three independent non-executive Directors, namely Mr. Wang Wei, Ms. Dong Ping, and Mr. Zhu Da, with Mr. Zhu Da as the chairman. The primary duties of the audit committee are (among other things) to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group's financial reporting matters to the Board.

Biographical information of each member of the audit committee of the Board are set out below:

Mr. Wang Wei (“Mr. Wang”)

Mr. Wang, aged 38, was first appointed as an independent non-executive Director on 6 March 2018. He obtained his bachelor’s degree in international economy and trading in Hebei Agricultural University (河北農業大學) in June 2006 and completed the postgraduate courses in laws provided by China University of Political Science and Law (中國政法大學) in June 2010. From August 2008 to December 2012, Mr. Wang served in the investment department and subsequently in the Beijing Representative Office (駐京辦) of Hebei Province Information Industry Investment Company Limited* (河北省信息產業投資有限公司). Since July 2014, Mr. Wang works as the general manager in Xin Yue Teng Xiang Investment Fund Management (Beijing) Company Limited* (鑫躍騰祥投資基金管理(北京)有限公司).

Mr. Wang is the chairman of the nomination committee of the Company and a member of the audit committee and remuneration committee of the Company.

Ms. Dong Ping (“Ms. Dong”)

Ms. Dong, aged 65, was first appointed as an independent non-executive Director on 12 August 2016. She completed a three-year professional course in English language in December 1979 in Jiangxi Normal College (presently known as Jiangxi Normal University) (江西師範大學). Ms. Dong obtained a certificate of study at the Beijing English Language Centre of the Institute of International Economic Management in cooperation with the University of California at Los Angeles China Exchange Program in April 1984. She had completed a course of instruction in Enterprise Management Development Programme in November 1992 which was provided by the British Government as part of its Technical Co-operation Training arrangements. She completed a postgraduate course at the University of Liaoning* (遼寧大學) in June 1999. In November 1997, she obtained a certificate of senior economist issued by the Department of Personnel of Guangdong Province* (廣東省人事廳). In June 2000, she obtained a master’s degree in management from Dongbei Agricultural University* (東北農業大學). She also obtained a doctor of philosophy in economic studies at the Zhongnan University of Economics and Law* (中南財經政法大學) in June 2006. Prior to joining the Company, she worked in the finance department of Jiangxi Province International Trust Investment Company Limited* (江西省國際信託投資公司) until 1990. She then worked in Shenzhen Development Bank (深圳發展銀行) since 1990 and was promoted to vice manager of the international business department in March 1994. In August 2000, she joined the Shenzhen branch of China Everbright Bank (中國光大銀行) as vice president. She retired in 2012 and she currently does not hold any positions in any companies.

Ms. Dong is the chairman of the remuneration committee of the Company and a member of the audit committee and nomination committee of the Company.

Mr. Zhu Da (“Mr. Zhu”)

Mr. Zhu, aged 34, was first appointed as an independent non-executive Director on 12 August 2016. He completed a business professional course at Portobello College, Dublin and Griffith College, Dublin and received a bachelor’s degree of arts in accounting and finance from Higher Education and Training Awards Council, Ireland in July 2011. From July 2011 to March 2012, he was a project manager in the asset management department of Hebei Guofu Agricultural Investment Group Limited* (河北省國富農業投資集團有限公司). He joined KPMG Huazhen LLP in Beijing in April 2012 and was later seconded to work in KPMG in Hong Kong as an assistant manager from November 2013 to March 2015. Mr. Zhu was a business manager and financial manager of Huajin Investment Company Limited during the period from March 2015 to July 2016. From December 2016 to April 2018, he was an assistant financial officer of Hebei Zhonghongji Catering Management Company Limited* (河北中鴻記餐飲管理有限公司). Since April 2018, Mr. Zhu joined Glory Capital Management (Beijing) Limited* (光榮資產管理(北京)有限公司) as a senior investment manager.

Mr. Zhu is the chairman of the audit committee of the Company and a member of the remuneration committee and nomination committee of the Company.

IX. GENERAL

- (1) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (2) The head office and principal place of business of the Company in Hong Kong is at Room 2104, 21/F., OfficePlus @Wan Chai, No. 303 Hennessy Road, Wanchai, Hong Kong.
- (3) The company secretary of the Company is Mr. Chan Yuk Hiu Taylor, who is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (4) The compliance officer of the Company is Ms. Sun Xue Song and her biographical details and professional qualifications are set out on page 9 of the annual report of the Company for the year ended 31 March 2021 published on 29 June 2021.
- (5) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.

- (6) The English texts of this circular shall prevail over the Chinese text.

X. DOCUMENTS ON DISPLAY

The following documents are available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.steedoriental.com.hk) for a period of 14 days from the date of this circular.

- (a) the memorandum of association and articles of association of the Company;
- (b) the annual reports of the Company for the financial years ended 31 March 2019, 2020 and 2021 and the interim report of the Company for the six months ended 30 September 2021;
- (c) the material contracts referred to in the section headed “III. MATERIAL CONTRACTS” in this appendix; and
- (d) this circular.

* *For identification purpose only*