



# 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



Interim Report  
**2024**



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*This report, for which the directors (the "Directors") of Steed Oriental (Holdings) Company Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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 report 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 report misleading.*

The board of Directors of the Company (the “Board”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and six months ended 30 September 2024, together with comparative figures for the corresponding periods in 2023 as follows:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 September 2024*

	NOTES	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	4	11,731	36,966
Cost of sales		(11,113)	(27,810)
Gross profit		618	9,156
Other income		862	476
Other gains and losses, net		665	(43)
Selling expenses		(75)	(58)
Administrative expenses		(4,185)	(5,561)
Fair value loss on investment properties		(11)	–
Impairment loss on non-current assets		(159)	–
Profit/(loss) from operations		(2,285)	3,970
Finance costs	5	(7,467)	(7,466)
Loss before taxation	6	(9,752)	(3,496)
Income tax credit	7	30	–

NOTES	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Loss for the period attributable to equity shareholders of the Company	(9,722)	(3,496)
Other comprehensive expense		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
<i>Currency translation differences</i>	(679)	(437)
Other comprehensive expense for the period	(679)	(437)
Total comprehensive expense for the period attributable to equity shareholders of the Company	(10,401)	(3,933)
Loss per share attributable to equity shareholders of the Company for the period		
Basic and diluted (HK cents)	(3.70)	(1.33)
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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	NOTES	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		83,763	83,343
Investment properties		30,920	30,284
Right-of-use assets		31,824	31,499
Other non-current assets		446	437
<b>Total non-current assets</b>		<b>146,953</b>	<b>145,563</b>
<b>Current assets</b>			
Inventories		16,668	26,360
Trade and other receivables	10	20,836	27,516
Contract assets		–	1,863
Cash at bank and on hand		547	955
		<b>38,051</b>	<b>56,694</b>

	NOTES	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	58,491	69,258
Contract liabilities		1,702	1,724
Bank borrowings	12	110,705	–
Lease liabilities		347	216
		171,245	71,198
<b>NET CURRENT LIABILITIES</b>		<b>(133,194)</b>	<b>(14,504)</b>
<b>Non-current liabilities</b>			
Bank borrowings	12	54,246	161,500
Deferred income tax liabilities		1,871	1,516
<b>Total non-current liabilities</b>		<b>56,117</b>	<b>163,016</b>
<b>NET LIABILITIES</b>		<b>(42,358)</b>	<b>(31,957)</b>
<b>EQUITY</b>			
Share capital		2,625	2,625
Reserves		(44,983)	(34,582)
<b>TOTAL EQUITY</b>		<b>(42,358)</b>	<b>(31,957)</b>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Attributable to equity shareholders of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
Balance at 1 April 2024 (audited)	2,625	80,541	41,355	2,091	(1,605)	(156,964)	(31,957)
Comprehensive expense							
Loss for the period	-	-	-	-	-	(9,722)	(9,722)
Other comprehensive expense							
Currency translation differences	-	-	-	-	(679)	-	(679)
Total comprehensive expense	-	-	-	-	(679)	(9,722)	(10,401)
Balance at 30 September 2024 (unaudited)	2,625	80,541	41,355	2,091	(2,284)	(166,686)	(42,358)

	Attributable to equity shareholders of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
Balance at 1 April 2023 (audited)	2,625	80,541	41,355	2,091	1,051	(118,349)	9,314
Comprehensive expense							
Loss for the period	-	-	-	-	-	(3,496)	(3,496)
Other comprehensive expense							
Currency translation differences	-	-	-	-	(437)	-	(437)
Total comprehensive expense	-	-	-	-	(437)	(3,496)	(3,933)
Balance at 30 September 2023 (unaudited)	2,625	80,541	41,355	2,091	614	(121,845)	5,381

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	(Unaudited) Six months ended 30 September	
	2024 HK\$'000	2023 HK\$'000
Net cash used in operating activities	(330)	(2,526)
Net cash generated from investing activities	3,890	164
Net cash (used in)/generated from financing activities	(3,978)	2,481
Net (decrease)/increase in cash and cash equivalents	(418)	119
Cash and cash equivalents at 1 April	955	644
Effect of foreign exchange rate changes	10	(28)
Cash and cash equivalents at 30 September	547	735



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

### 1 GENERAL

Steed Oriental (Holdings) Company Limited (the “Company”) was incorporated in the Cayman Islands on 7 August 2013 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company’s shares were listed on the GEM (the “GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 23 February 2015. The Company and its subsidiaries (collectively referred to as the “Group”) principally engages in the sourcing, manufacturing and sale of wooden products.

### 2 ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### (a) Adoption of new or amended HKFRSs – effective for the current year

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

HKFRS 17	Insurance Contracts and the related Amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The impact of the adoption of Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies has been summarised in below. The other new or amended HKFRSs that are effective from 1 April 2023 did not have any significant impact on the Group’s accounting policies.

#### *Disclosure of Accounting Policies (Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements)*

The HKICPA issued HKFRS Practice Statement 2 Making Materiality Judgements in March 2021 to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. In April 2021, the HKICPA issued amendments to HKAS 1 and HKFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose ‘significant accounting policies’ with ‘material accounting policy information’. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

## 2 ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### (b) New guidance on accounting for the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (‘the Amendment Ordinance’) was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers’ mandatory contributions under the mandatory provident fund (‘MPF’) scheme to offset severance payment (‘SP’) and long service payments (‘LSP’) (‘the Abolition’). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 (‘the Transition Date’).

The following key changes will take effect since the Transition Date:

- Accrued benefits derived from employers’ mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.
- The pre-transition LSP/SP is calculated using the last month’s salary immediately preceding the Transition Date, instead of using the last month’s salary of employment termination date.

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer’s mandatory MPF contributions and its LSP obligation and the accounting for the offsetting mechanism could become material in light of the Abolition, the HKICPA published ‘Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong’ (‘the Guidance’) in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

- Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee’s LSP benefits in terms of HKAS 19.93(a)
- Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

For the years ended 31 March 2023 and 2024, the Group’s LSP liability before the expected offsetting under the MPF-LSP offsetting mechanism is immaterial. Application of the Guidance had no material effect on the consolidated financial statements of the Group.

## 2 ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### (c) New or amended HKFRSs that have issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “2020 Amendments”) <sup>2,4</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”) <sup>2,4</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> No mandatory effective date yet determined but available for adoption.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023.

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

<sup>4</sup> As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretations 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

The directors of the Company anticipate that the application of the new or amended HKFRSs will have no material impact on the Group’s consolidated financial statement in the future.

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) and the provisions of the Hong Kong Companies Ordinance which concern the preparation the consolidated financial statements. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of Stock Exchange.

#### (b) Basis of measurement and going concern assumption

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values as explained in the accounting policies set out below.

The Group incurred a loss of approximately HK\$9,722,000 for the period ended 30 September 2024. As at 30 September 2024, the Group had net current liabilities and net liabilities of approximately HK\$133,194,000 and HK\$42,358,000 respectively while the Group only had a balance of cash and cash equivalents of approximately HK\$547,000.

With respect to the above conditions, the directors of the Company have carried out a detailed review of the cash flow forecast of the Group prepared by management over a forecast period of 15 months from the end of the reporting date with the following taken into consideration when assessing the appropriateness of the use of the going concern for preparing the consolidated financial statements:

- The Group obtained bank facilities of approximately HK\$27,676,000 for 2 years provided by a bank in June 2024. The directors of the Company considered that this facility finances the settlement of its existing financing obligations and future operating and capital expenditures if needed;
- The shareholders have undertaken not to request the Group to repay the amounts of approximately HK\$41,001,000 due to them until the Group has sufficient liquidity which determined by the Group to finance its operations; and
- The bank borrowings amounting of approximately HK\$110,705,000 and HK\$54,246,000 are repayable on 28 June 2025 and 13 October 2025 respectively. The directors of the Company considered that the availability of assets to be used as collateral, there is a reasonable expectation that loans could be extended upon repayment date.

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (b) Basis of measurement and going concern assumption (Continued)

Based on the above, the directors of the Company believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due in the next twelve months from the reporting date, and accordingly, are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. Nevertheless, the validity of the use of the going concern basis depends on the successful implementation of the above plans and measures, including the shareholders' ability to honour their undertakings to the Group, and also the successful renewal of bank loan upon maturity. These indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the consolidated financial statements to write down the values of the assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets as current assets. The effect of these adjustments has not been reflected in the consolidated financial statements.

### 4 REVENUE AND SEGMENT REPORTING

Revenue is disaggregated by timing of recognition and major products as below:

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Timing of revenue recognition		
At a point in time		
Sale of structural panel	9,735	9,456
Sale of supplementary materials use in construction	–	2,797
Others	53	254
	9,788	12,507
Transferred over time		
Made-to-order wooden products	1,943	24,459
	11,731	36,966

#### 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

The following table sets out information about the geographical location of the Group's revenue from external customers which is based on the location at which the goods are delivered.

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
The People's Republic of China ("PRC")	11,731	36,966

#### 5 FINANCE COSTS

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Interests on bank borrowings	7,464	7,451
Interests on lease liabilities	3	15
	7,467	7,466

#### 6 LOSS BEFORE TAXATION

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Loss before taxation has been arrived at after charging:		
Directors' remuneration	240	240
Other staff costs	976	1,322
Contributions to defined contribution retirement plans	86	73
	1,302	1,635
Cost of inventories	11,113	27,810

## 7 INCOME TAX EXPENSE

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Current taxation:		
– Provision for Corporate Income Tax of PRC for the period	–	–
– Provision for HK Profits Tax for the period	–	–
	–	–
Deferred taxation:		
– Origination and reversal of temporary differences	30	–
– The PRC Withholding Tax on retained profits to be distributed	–	–
	30	–
	30	–

### Notes:

- (i) The Company and subsidiaries of the Group incorporated in Hong Kong is subject to Hong Kong Profits Tax under a two-tiered profits tax rates regime. The first HK\$2 million of profits are taxed at 8.25%, and the remaining profits above HK\$2 million are taxed at 16.5%.
- (ii) The Company and the subsidiaries of the Group incorporated in the Cayman Islands and the British Virgin Islands are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.
- (iii) The subsidiaries of the Group established in the PRC (excluding Hong Kong) are subject to the PRC Corporate Income Tax rate of 25% for the six months ended 30 September 2024 (2023: 25%).

## 8 DIVIDENDS

The Board does not recommend the payment of a dividend for the six months ended 30 September 2024.

## 9 LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following:

	Six months ended 30 September	
	2024 (unaudited)	2023 (unaudited)
Loss (HK\$'000)		
Loss for the purpose of calculating the basic and dilutive earnings per share	(9,722)	(3,496)
Numbers of shares ('000)		
Weighted average number of ordinary shares in issue	262,473	262,473
Loss per share attributable to equity shareholders of the Company for the period Basic and dilutive (HK cents)	(3.70)	(1.33)

There were no potential dilutive ordinary shares outstanding during the six months ended 30 September 2024 and 30 September 2023.



## 10 TRADE AND OTHER RECEIVABLES

	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
Trade receivables due from third parties	17,756	25,421
Less: Loss allowance	(6,820)	(7,135)
	10,936	18,286
Prepayments, deposits and other receivables:		
– Prepayments for purchase of inventories	1,775	2,784
– Receivable for trading of other goods	8,861	7,691
– Others	663	135
	11,299	10,610
Less: Loss allowance	(1,399)	(1,380)
Other receivables	9,900	9,230
Trade and other receivables	20,836	27,516

### Ageing analysis:

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
Within 30 days	200	6,652
31 to 60 days	2,765	6,266
61 to 90 days	–	1,001
91 to 180 days	4,179	4,367
181 to 365 days	3,792	–
	10,936	18,286

The credit period ranging from 30-90 days is granted from date of delivery of goods.

## 11 TRADE AND OTHER PAYABLES

	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
Trade payables:		
– Amounts due to third parties	2,847	2,571
Other payables and accrued expenses:		
Recognised at amortised cost		
– Payables for staff related costs	4,040	3,954
– Payables for acquisition of property, plant and equipment	4,702	4,759
– Interest payables	2,186	415
– Other tax payables	1,004	2,464
– Other accruals and payables	2,548	1,130
Accrued directors' emoluments	163	43
Advances from shareholders	41,001	53,922
	55,644	66,687
	58,491	69,258

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
Within 30 days	–	1
31 to 60 days	148	–
61 to 90 days	–	288
Over 90 days	2,699	2,282
	2,847	2,571

## 12 BANK BORROWINGS

The Group's bank borrowings are analysed as follows:

	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
Bank borrowings:		
– Secured	164,951	161,500
Less: current portion of bank borrowings	(54,246)	–
	110,705	161,500
Within 1 year	110,705	–
After 1 year but within 2 years	54,246	161,500
	164,951	161,500

## 13 RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the financial statements, the material related party transactions entered into by the Group during the period are set out below.

	As at 30 September 2024 HK\$'000 (unaudited)	As at 31 March 2024 HK\$'000 (audited)
Advances from related parties	5,514	30,487
Repayments to related parties	(18,886)	(4,648)

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in the sourcing, manufacturing and sale of wooden products.

The wooden products industry in the PRC is intricately linked to the property and construction sectors. The previous downturn in the property market, driven by declining real estate investments, sluggish sales, and financial distress among certain property developers, has inevitably impacted the demand for construction materials, including wooden products.

In 2023, a significant portion of the Group's orders had been placed prior to the full effects of the property market downturn becoming apparent. Additionally, some orders were expedited for completion following the relaxation of COVID-19 lockdown measures and the return to normalcy in later half of 2023. As a result, the Group's revenue for the year ended 31 March 2023 amounted to approximately HK\$12.5 million, increasing significantly to around HK\$63.1 million for the year ended 31 March 2024. However, as property developers adjust their project pipelines in response to market conditions, the effects of reduced demand for new construction begin to manifest later on. Order size from the customers have been reduced which have caused the decrease of the revenue of the Group for the six months ended 30 September 2024 by approximately 68.4% to approximately HK\$11.7 million comparing to the previous year (2023: approximately HK\$37.0 million).

The Group will enhance productivity via different means, such as improving production process, strengthening service quality control and improving its support to customers. Apart from that, the Group will also endeavour to promote a culture of continuous improvement and automation of internal processes so as to improve efficiency and reduce costs. It is expected that the various income-generating and cost-saving measures will help improve the performance of the Group.

## FINANCIAL REVIEW

### Revenue

During the six months ended 30 September 2024, the Group recorded revenue of approximately HK\$11.7 million, representing a decrease of approximately 68.4% comparing to the previous year (2023: approximately HK\$37.0 million). The decrease was mainly attributable to the decrease in demand for wooden products.

### Gross profit

The gross profit for the six months ended 30 September 2024 decreased by approximately 93.5% to approximately HK\$0.6 million (2023: approximately HK\$9.2 million). The decrease was mainly because the demand for wooden products decreased and the gross profit margin of the structural panel is relatively lower.

### Loss for the period

During the six months ended 30 September 2024, the Group recorded a loss of approximately HK\$9.7 million, representing an approximately HK\$6.2 million increase comparing to the previous year (2023: loss of approximately HK\$3.5 million).

The increase was mainly due to (i) the decrease in gross profit by approximately HK\$8.6 million to approximately HK\$0.6 million for the six months ended 30 September 2024 (2023: approximately HK\$9.2 million). Such increase was offset by (i) the increase in other income by approximately HK\$0.4 million to approximately HK\$0.9 million for the six months ended 30 September 2024 (2023: approximately HK\$0.5 million); (ii) the change in other gains by approximately HK\$0.7 million to approximately HK\$0.7 million for the six months ended 30 September 2024 (2023: other loss of approximately HK\$43,000); and (iii) the decrease in administrative expenses by approximately HK\$1.4 million to approximately HK\$4.2 million (2023: approximately HK\$5.6 million).

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's working capital needs and other capital requirements have been met through a combination of shareholders' equity, cash generated from operations, advances from shareholders and bank and other borrowings. Going forward, the Group intends to finance future operations and capital expenditures with cash flow from the Group's operating activities, banking and other facilities as well as other external debt financing made available to the Group.

The primary uses of cash have been, and are expected to continue to be, operating costs and capital expenditures. As at 30 September 2024, the current assets of the Group comprised primarily cash at bank and on hand, trade and other receivables and inventories. The current liabilities comprised primarily of trade and other payables and bank borrowings.

As at 30 September 2024, the Group maintained cash and cash equivalents amounting to approximately HK\$0.5 million (as at 31 March 2024: approximately HK\$1.0 million). The Group recorded net current liabilities of approximately HK\$133.2 million as at 30 September 2024 (as at 31 March 2024: approximately HK\$14.5 million), the increase was mainly attributable to a total amount of approximately HK\$110.7 million bank borrowing that became repayable within 1 year during the period.

As at 30 September 2024, the Group's total bank borrowings, all being denominated in Renminbi, amounted to approximately HK\$165.0 million (as at 31 March 2024: approximately HK\$161.5 million).

As at 30 September 2024, the capital structure of the Group consisted of cash and cash equivalents together with equity attributable to shareholders of the Company, comprised issued share capital and reserves.

As at 30 September 2024, the Group's gearing ratio (calculated by dividing total liabilities by total assets as at the end of financial year) was approximately 123.1% (as at 31 March 2024: approximately 115.8%).

### **CHARGES ON THE GROUP'S ASSETS**

As at 30 September 2024, certain land use rights of the Group with carrying amount of approximately HK\$32.0 million; certain property, plant and equipment of the Group with aggregate carrying amount of approximately HK\$72.3 million; and certain investment properties of the Group with aggregate carrying amount of approximately HK\$8.3 million were charged to secure bank borrowings of approximately HK\$165.0 million.

### **CONTINGENT LIABILITIES**

As at 30 September 2024, there were no significant contingent liabilities for the Group.

### **CAPITAL COMMITMENTS**

As at 30 September 2024, the capital commitments in respect of property, plant and equipment contracted for but not provided for the consolidated financial statements were nil (as at 31 March 2024: nil).

### **SIGNIFICANT INVESTMENT**

During the six months ended 30 September 2024, the Group did not have any significant investment (2023: nil).

## **FOREIGN EXCHANGE EXPOSURE**

The Group mainly operates in the PRC with most of the transactions denominated and settled in Renminbi, which is the functional currency of the Group. The Group manages its foreign currency risk by closely monitoring the movements of foreign currency exchange rates. The Group does not currently designate any hedging relationship on the foreign exchange forward contracts for the purpose of the hedge accounting.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2024, the Group had a total of 19 employees. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. Their remuneration packages are normally renewed on an annual basis, based on performance appraisals and other relevant factors. The Group may pay a discretionary bonus to its employees based on individual performance in recognition of their contribution and hard work. The emoluments of the Directors are determined with reference to, among other things, the prevailing market conditions, the experience, roles and responsibilities of the Directors with the Company. Staff benefit plans maintained by the Group include mandatory provident fund scheme for staff in Hong Kong and applicable social insurance scheme for staff in the PRC.

The Company conditionally approved and adopted a share option scheme on 9 February 2015 (the “Share Option Scheme”) under which certain employees, consultants and advisers of the Group including the executive Directors may be granted options to subscribe for Company’s shares. As of 30 September 2024, none of the Directors or employees held any share options of the Company under the Share Option Scheme.

## **FUTURE PROSPECTS**

The Group continued to operate in a challenging business environment owing to the adverse impact brought by the significant slowdown of the real estate industry in China during the six months ended 30 September 2024.

On 24 September 2024, the government of the PRC introduced a comprehensive package of monetary policies, including but not limited to, cutting the required reserve ratio, lowering policy rates, bringing down the benchmark market rates, reducing the interest rate on existing home loans and lowering down payment ratios. These policies are regarded as supporting measures to the stock and property market in the PRC. With the expectation of the turnaround of the property market, the orders from customers and the revenue of the Group are also expected to be increased in the coming fiscal years.

The growing emphasis on environmental sustainability in the PRC could generate new demand for the Group's wooden products. Wood is a renewable resource with a lower carbon footprint compared to materials like steel and concrete. According to the Industrial Structure Adjustment Guidance Catalog (2024 Edition)\* (產業結構調整指導目錄 (2024年本)) jointly revised by the National Development and Reform Commission of the PRC and relevant departments, which was issued on 29 December 2023 and executed since 1 February 2024, the development and application of wood-based panels and their composite materials technology have been included in the encouraged category.

This aims to, inter alia, encourage green technology innovation and development of green and environmental industry, and promote energy conservation, carbon reduction and green transformation. With a view to the China's carbon neutrality objectives in 2026, there is a growing emphasis on using building materials that contribute to lower greenhouse gas emissions. Wooden structures and building components are often favoured in such projects for their energy efficiency, natural insulation properties, and reduced environmental impact. It is expected that after the completion of disposal of Youlin (as defined below), the financial position of the Group will be significantly improved and more resources could be applied to research and development and sourcing on different types of wooden products. It may help the Group to expand its market share and cater for the needs of different consumers.

The Group has been striving for enriching its product categories and will continue to explore potential opportunities for strategic cooperation with market players, in the mid-stream to downstream of the industry value chain to further expand the Group's wood-related business.

The Group has strived its best in seeking 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's business performance will gradually recover and the Group is in a more advantageous position to further develop and expand its market and products than the small-scale local enterprises.

The Board will maintain the Group's existing principal activities in the sourcing, manufacturing and sale of wooden products, and will review the Group's business and operations and continue to seek new business 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 enhance the value of the Group.



## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2024, the interests and short positions of the each of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

#### Long positions in ordinary shares of the Company

Name of Director	Number of ordinary share held, capacity and nature of interest			Approximate percentage of the Company's issued share capital (Note)
	Directly and beneficially owned	Through controlled corporations	Total	
Mr. Xue Zhao Qiang	27,978,425	–	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 30 September 2024.

Save as disclosed above, as at 30 September 2024, none of the Directors or chief executive of the Company had any interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was recorded in the register required to be kept by the Company under Section 352 of the SFO, or was otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2024, so far as is known to the Directors, other than the interests of the Directors or chief executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

### Long positions in ordinary shares of the Company

Name of Shareholder	Number of ordinary share held, capacity and nature of interest			Approximate percentage of the Company's issued share capital (Note)
	Directly and beneficially owned	Through controlled corporations	Total	
Ms. Sun Xue Song	123,041,695	–	123,041,695	46.88%

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 30 September 2024.

Save as disclosed above, no other person has interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### COMPETING INTERESTS

The Directors are not aware of any business and interest of the Directors, the controlling shareholder or the substantial shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the reporting period.

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

During the six months ended 30 September 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **DIRECTORS' SECURITIES TRANSACTION**

The Company has adopted the Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code") for Securities Transactions by Directors of Listed Issuers on terms no less exacting than the required standard of dealings as set out in Model Code as its own code governing securities transactions of the Directors. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code during the six months ended 30 September 2024.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

During the six months ended 30 September 2024, the Company has complied with all applicable code provisions of the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix C1 of the GEM Listing Rules.

## **SHARE OPTION SCHEME**

The Company conditionally approved and adopted a share option scheme (the "Share Option Scheme") on 9 February 2015.

The purpose of the Share Option Scheme is to provide an incentive or reward for eligible participants (any full-time or part-time employees, consultants or potential employees, consultants, executives or officers of the Group, and any suppliers, customers, consultants, agents and advisers, who in the absolute discretion of the Board has contributed or will contribute to the Group) (the "Eligible Participants") for their contribution or potential contribution to the Group.

Pursuant to the Share Option Scheme, the Directors may, at their absolute discretion, grant options to the Eligible Participants to subscribe for shares in the Company at a price determined by the Directors and not less than the highest of:

- (i) the closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant of the options;
- (ii) the average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant of the options; and
- (iii) the nominal value of the shares of the Company on the date of grant.

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue immediately upon completion of the Placing (as defined in the prospectus of the Company dated 12 February 2015) which was 20,000,000 shares, representing approximately 7.62% of the issued shares of the Company as at 1 April 2024, 30 September 2024 and as at the date of this report. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 30% of the shares of the Company in issue from time to time.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period commencing on such date on or after the date on which the option is granted as the Board may determine in granting the option and expiring at the close of business on such date as the Board may determine in granting the option but in any event shall not exceed 10 years from the date of grant (which is the date of offer of grant if the offer for the grant of the option is accepted).

Unless approved by the shareholders of the Company in general meeting in the manner prescribed in the GEM Listing Rules, the Board shall not grant options to any Eligible Participants if the acceptance of those options would result in the total number of shares issued and to be issued to those Eligible Participants on exercise of the options during any 12-month period up to the offer date exceeding 1% of the total shares then in issue.

Options granted must be taken up within 14 days of that date of grant, upon payment of HK\$1 in aggregate as consideration for the options granted.

The Share Option Scheme will be expired on 23 February 2025.

As of 1 April 2024 and as of 30 September 2024, no share options were outstanding.

During the six months ended 30 September 2024, no share options were granted pursuant to the Share Option Scheme.

As at 30 September 2024, none of the Directors or employees held any share options of the Company under the Share Option Scheme.

## EVENT AFTER REPORTING PERIOD

On 23 October 2024 (after trading hours), Hebei Jiapin Technology Co., Limited\* (河北迦品科技有限公司), an indirect wholly-owned subsidiary of the Company, as the vendor, and Hebei Feilage Technology Co., Limited\* (河北菲拉閣科技有限公司), a limited company incorporated in PRC, as the purchaser, has entered into a sale and purchase agreement, pursuant to which the vendor has conditionally agreed to sell and the purchaser has conditionally agreed to purchase the entire registered capital of the Hebei Youlin Technology Co., Limited\* (河北優林科技有限公司) ("Youlin"), an indirect wholly-owned subsidiary of the Company, at the consideration of RMB28.01 million (equivalent to approximately HK\$30.56 million).

Upon the completion of the disposal, the Company will cease to have any interests in Youlin and the financial results and assets and liabilities of Youlin will no longer be consolidated into the consolidated financial statements of the Group. The Group will continue to be principally engaged in the sourcing, manufacturing and sale of wooden products including but not limited to structural panels, supplementary materials used in construction and made-to-order wooden products.

For details, please refer to the announcements of the Company dated 23 October 2024, 13 November 2024 and 25 November 2024 respectively.

The disposal has not been completed as at the date of this report.

Save as disclosed above, no other significant events have taken place subsequent to 30 September 2024 and up to the date of this report.

## AUDIT COMMITTEE

The Company established an audit committee on 9 February 2015 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code. 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.

As at the date of this report, the audit committee comprises three independent non-executive Directors, namely Mr. Zhu Da (Chairman), Mr. Wang Wei and Ms. Dong Ping. The audit committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2024 and recommended to the Board for approval.

By Order of the Board  
Steed Oriental (Holdings) Company Limited  
Li Yue  
*Chairman and Executive Director*

Hong Kong, 29 November 2024

*As at the date of this report, the Board comprises Mr. Li Yue and Mr. Xue Zhao Qiang as executive Directors; Mr. Ding Hongquan as non-executive Director; and Mr. Wang Wei, Ms. Dong Ping and Mr. Zhu Da as independent non-executive Directors.*