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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)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30 JUNE 2022**

**CHARACTERISTICS OF THE GEM (“GEM”) OF THE STOCK EXCHANGE OF
HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

This announcement, 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 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 announcement 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 announcement 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 ended 30 June 2022, together with comparative unaudited figures for the corresponding period in 2021 as follows:

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

For the three months ended 30 June 2022

		(Unaudited)	
		Three months ended 30 June	
	NOTES	2022	2021
		HK\$'000	HK\$'000
Continuing operations			
Revenue	4	8,977	23,771
Cost of sales		<u>(7,607)</u>	<u>(17,557)</u>
Gross profit		1,370	6,214
Other income		3,174	668
Other gains and losses, net		(12,537)	(517)
Selling expenses		(5)	(92)
Administrative expenses		<u>(2,940)</u>	<u>(4,092)</u>
(Loss)/profit from operations		(10,938)	2,181
Finance costs		<u>(3,931)</u>	<u>(4,236)</u>
Loss before taxation		(14,869)	(2,055)
Income tax expense	5	<u>—</u>	<u>—</u>
Loss for the period from continuing operations		(14,869)	(2,055)
Discontinued operation			
Profit/(loss) for the period from discontinued operation		<u>12,039</u>	<u>(1,776)</u>
Loss for the period attributable to equity shareholders of the Company		----- <u>(2,830)</u> -----	----- <u>(3,831)</u> -----

	(Unaudited)	
	Three months ended 30 June	
NOTES	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive income/(expense)		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Release upon disposal of subsidiaries	4,573	–
Currency translation differences	(3,927)	645
	<u>646</u>	<u>645</u>
Other comprehensive income for the period	<u>646</u>	<u>645</u>
Total comprehensive expense for the period attributable to equity shareholders of the Company	<u>(2,184)</u>	<u>(3,186)</u>
(Loss)/profit for the period attributable to equity shareholders of the Company		
– from continuing operations	(14,869)	(2,055)
– from discontinued operation	12,039	(1,776)
	<u>(2,830)</u>	<u>(3,831)</u>
Loss for the period	<u>(2,830)</u>	<u>(3,831)</u>
(Loss)/earnings per share from continuing and discontinued operations attributable to equity shareholders of the Company for the period		
Basic and diluted (<i>HK cents</i>)	7	
– from continuing operations	(5.67)	(0.84)
– from discontinued operation	4.59	(0.72)
	<u>(1.08)</u>	<u>(1.56)</u>
Loss per share for the period	<u>(1.08)</u>	<u>(1.56)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2022

	Attributable to equity shareholders of the Company						Total equity <i>HK\$'000</i>
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	
Balance at 1 April 2022 (audited)	2,625	80,541	41,355	2,091	(959)	(89,155)	36,498
Comprehensive expense							
Loss for the period	-	-	-	-	-	(2,830)	(2,830)
Other comprehensive income/(expense)							
Release upon disposal of subsidiaries	-	-	-	-	4,573	-	4,573
Currency translation differences	-	-	-	-	(3,927)	-	(3,927)
Total comprehensive income/(expense)	-	-	-	-	646	(2,830)	(2,184)
Balance at 30 June 2022 (unaudited)	<u>2,625</u>	<u>80,541</u>	<u>41,355</u>	<u>2,091</u>	<u>(313)</u>	<u>(91,985)</u>	<u>34,314</u>

	Attributable to equity shareholders of the Company						Total equity <i>HK\$'000</i>
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Property revaluation reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	
Balance at 1 April 2021 (audited)	2,187	72,403	41,355	2,091	(2,760)	(84,116)	31,160
Comprehensive expense							
Loss for the period	-	-	-	-	-	(3,831)	(3,831)
Other comprehensive income							
Currency translation differences	-	-	-	-	645	-	645
Total comprehensive income/(expense)	-	-	-	-	645	(3,831)	(3,186)
Issue of shares by placing	438	8,137	-	-	-	-	8,575
Balance at 30 June 2021 (unaudited)	<u>2,625</u>	<u>80,540</u>	<u>41,355</u>	<u>2,091</u>	<u>(2,115)</u>	<u>(87,947)</u>	<u>36,549</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2022

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 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 plywood products and other 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:

Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform – Phase 2

Amendments to HKFRS 16

COVID-19-Related Rent Concessions beyond 30 June
2022

These new or amended HKFRSs did not have any significant impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

(b) 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 HKAS 1 HK Interpretation 5 (2020)	Classification of Liabilities as Current or Non-current ³ Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRS 3	References to Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Annual Improvements to HKFRS 1, HKFRS 9, HKFRS 16 and HKFRS 41	Annual Improvements to HKFRSs 2018-2020 ¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

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 of 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 had incurred a loss after tax of approximately HK\$2.8 million for the three months ended 30 June 2022. As at 30 June 2022, the Group had trade and other payables of approximately HK\$58.0 million repayable within 1 year and total bank and other borrowings of approximately HK\$174.5 million repayable before 22 October 2023.

With respect to these events or conditions, the directors of the Company have taken into consideration of the followings:

- The shareholders have undertaken not to request the Group to repay the amounts due to them until the Group has sufficient liquidity which determined by the Group to finance its operations; and
- Amounted of approximately HK\$117.1 million and approximately HK\$57.4 million are repayable on 2 July 2023 and 22 October 2023 respectively. The Directors of the Company at the opinion that the above outstanding loans could be extended upon repayment date, which they have negotiated with the relevant financial institution, provided that the good track records with relevant financial institution, the improvement of financial performance and financial position as forecasted in the next twelve months from the end of the reporting date and available and sufficient assets as collaterals for the relevant loan, including the land use right and certain property, plant and equipment.

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.

4 REVENUE AND SEGMENT REPORTING

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

	(Unaudited)	
	Three months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Re-presented)
Timing of revenue recognition		
At a point in time		
Sale of structural panel	926	17,759
Sale of supplementary materials used in construction	368	4,713
Others	233	208
	1,527	22,680
Transferred over time		
Made-to-order wooden products	7,450	1,091
	8,977	23,771

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.

	(Unaudited)	
	Three months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Re-presented)
The People's Republic of China ("PRC")	8,977	23,771

6 DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 30 June 2022 (2021: HK\$Nil).

7 (LOSS)/EARNINGS PER SHARE

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

	(Unaudited)	
	Three months ended 30 June	
	2022	2021
		(Re-presented)
(Loss)/profit (HK\$'000)		
(Loss)/profit for the purpose of calculating the basic and dilutive earnings per share		
– from continuing operations	(14,869)	(2,055)
– from discontinued operation	12,039	(1,776)
	<hr/>	<hr/>
Loss for the period	(2,830)	(3,831)
	<hr/>	<hr/>
Numbers of shares ('000)		
Weighted average number of ordinary shares in issue	262,473	245,650
(Loss)/earnings per share from continuing and discontinued operations attributable to equity shareholders of the Company for the period		
Basic and dilutive (HK cents)		
– from continuing operations	(5.67)	(0.84)
– from discontinued operation	4.59	(0.72)
	<hr/>	<hr/>
Loss per share for the period	(1.08)	(1.56)
	<hr/> <hr/>	<hr/> <hr/>

There were no potential dilutive ordinary shares outstanding during the three months ended 30 June 2022 and 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Due to the continuous instability of overseas business caused by the Sino-US trade war, COVID-19 epidemic and the intense competitions in the plywood market, the Group was more susceptible to the changes in the global economic environment. During recent years under the pandemic environment, in comparing to the overseas market, although the demand for products in the PRC was also affected by the recent recurrence of pandemic, we believe that the Group's business performance in the PRC will gradually recover with the ease of the pandemic. In view of the prospect of the wooden product market in the PRC, the Group determined to end all of its export-related business.

On 16 February 2022, the Group entered into a sale and purchase agreement to dispose of CD Enterprises Company Limited and its subsidiaries which were principally engaged in sourcing, manufacturing and sale of plywood products. The transaction completed on 30 June 2022. The remaining group will be principally engaged in manufacturing, sourcing, trading and sale of wooden products including but not limited to structural panels, supplementary materials used in construction and made-to-order wooden products such as wooden structural components (including installation services), wooden doors and windows and wooden furniture.

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

Continuing operations

Revenue

During the three months ended 30 June 2022, the Group recorded revenue of approximately HK\$9.0 million, representing a decrease of approximately 62.2% comparing to the previous year (2021: approximately HK\$23.8 million). The decrease was mainly attributable to the decrease in the revenue from sales of the structural panel.

Gross profit

The gross profit for the three months ended 30 June 2022 decreased by approximately 77.4% to approximately HK\$1.4 million (2021: approximately HK\$6.2 million). The decrease was mainly attributable to the decrease in the sales of the structural panel.

Loss for the period

During the three months ended 30 June 2022, the Group recorded loss of approximately HK\$14.9 million, representing an approximately HK\$12.8 million increase comparing to the previous year (2021: loss of approximately HK\$2.1 million).

The increase was mainly due to i) the decrease in gross profit by approximately HK\$4.8 million to approximately HK\$1.4 million for the three months ended 30 June 2022 (2021: approximately HK\$6.2 million); and ii) the increase in other losses by approximately HK\$12.0 million to approximately HK\$12.5 million for the three months ended 30 June 2022 (2021: approximately HK\$0.5 million), mainly due to a loss derived from the disposal of subsidiaries of approximately HK\$12.5 million. Such increases were offset by i) the increase in other income by approximately HK\$2.5 million to approximately HK\$3.2 million for the three months ended 30 June 2022 (2021: approximately HK\$0.7 million), mainly due to the rental income receivable after July 2021 from the lease of a subsidiary's investment property; and ii) the decrease in administration expenses by approximately HK\$1.2 million to approximately HK\$2.9 million for the three months ended 30 June 2022 (2021: approximately HK\$4.1 million).

Discontinued operation

During the three months ended 30 June 2022, the Group has disposed of CD Enterprises Company Limited and its subsidiaries which were principally engaged in sourcing, manufacturing and sale of plywood products. The Group recorded a profit of approximately HK\$12.0 million from discontinued operation comparing to a loss of approximately HK\$1.8 million in the previous year, it was mainly due to the transfer of some plywood orders from Southeast Asia to China because the COVID-19 epidemic has greatly affected the plywood production in this region since August 2021.

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 June 2022, 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 and other borrowings.

As at 30 June 2022, the Group maintained cash and cash equivalents amounting to approximately HK\$5.3 million (as at 31 March 2022: approximately HK\$8.1 million). The Group recorded net current assets of approximately HK\$19.2 million as at 30 June 2022 (as at 31 March 2022: approximately HK\$18.4 million).

As at 30 June 2022, the Group's total bank and other borrowings, all being denominated in Renminbi or United States dollars, amounted to approximately HK\$174.5 million (as at 31 March 2022: approximately HK\$184.0 million).

As at 30 June 2022, 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 June 2022, the Group's gearing ratio (calculated by dividing total liabilities by total assets as at the end of financial year) was approximately 87.4% (as at 31 March 2022: approximately 91.5%).

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2022, certain land use rights of the Group with carrying amount of approximately HK\$35.6 million; certain property, plant and equipment of the Group with aggregate carrying amount of approximately HK\$74.6 million; and certain investment properties of the Group with aggregate carrying amount of approximately HK\$9.1 million were charged to secure bank borrowings of approximately HK\$174.5 million.

CONTINGENT LIABILITIES

As at 30 June 2022, there were no significant contingent liabilities for the Group.

CAPITAL COMMITMENTS

As at 30 June 2022, 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 2022: nil).

SIGNIFICANT INVESTMENT

During the three months ended 30 June 2022, the Group did not have any significant investment (2021: nil).

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 20 April 2021, the Company and Citrus Securities Limited (the “Placing Agent”) entered into a placing agreement. Pursuant to the placing agreement, the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 43,740,000 new shares of the Company at HK\$0.2 per share to not less than six placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons (the “Placees”). The new shares were allotted and issued pursuant to the general mandate granted to the Directors pursuant to the resolutions of the shareholders of the Company passed at the annual general meeting of the Company held on 4 September 2020.

On 6 May 2021, 43,740,000 new shares of the Company have been successfully allotted and issued to not less than six Placees at HK\$0.2 per share. The net proceeds from the placing of approximately HK\$8.5 million are intended to be used as general working capital of the Group.

For details, please refer to the announcements of the Company dated 20 April 2021 and 6 May 2021.

Up to 30 June 2022, approximately HK\$8.0 million out of the net proceeds of approximately HK\$8.5 million has been utilised as general working capital of the Group.

THE DISPOSAL OF A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

On 16 February 2022 (after trading hours), the Company, being the vendor, entered into a sale and purchase agreement with Faith Sino Ventures Limited, being the purchaser, pursuant to which the purchaser has conditionally agreed to purchase, and the Company has conditionally agreed to sell, the entire issued share capital of CD Enterprises Company Limited, a company incorporated in the British Virgin Islands with limited liability and was a direct wholly-owned subsidiary of the Company, at a consideration of HK\$47,707,803 in cash.

Upon the completion of the disposal, CD Enterprises Company Limited and its subsidiaries 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.

For details, please refer to the announcements of the Company dated 16 February 2022, 9 March 2022 and 30 June 2022 and the circular of the Company dated 13 May 2022.

The disposal has been completed on 30 June 2022.

FUTURE PROSPECTS

In previous years, 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. Due to the continuous instability of overseas business, the Group was more susceptible to the changes in the global economic environment. During recent years under the pandemic environment, the Group's business performance in the PRC remained relatively stable in general. In view of the prospect of the wooden product market in the PRC, the Group determined to end all its export-related business. On 16 February 2022, the Group entered into a sale and purchase agreement with Faith Sino Ventures Limited to dispose of the sub-group wholly owned by CD Enterprises Company Limited, a wholly-owned subsidiary of the Company. The sub-group was principally engaged in the sourcing, manufacturing and sale of plywood products, its main market is Japan. Upon completion of the disposal, the Group will focus on the domestic market, the Group's manufacturing plant with the site area of 157,182 square meters located in Ningjin County in the PRC will continue to operate. The Group will remain to be engaged in the sourcing, manufacture, trading and sale of various wooden products including but not limited to wooden building components and other wooden products such as wooden structural components, wooden doors and windows and wooden furniture. The Group has been striving for enriching its product categories and to explore the market in China. The Group also aims to increase sales to the downstream market by cooperating with other panel processing enterprises for the process and manufacturing of wooden products.

The management is 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.

The Board will maintain the Group's existing principal activities in the sourcing, manufacturing, trading and sale of wooden products, and 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.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2022, the interests and short positions of the each of the Directors and the chief executives 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	
Ms. Sun Xue Song	123,041,695	–	123,041,695	46.88%
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 June 2022.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executives 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 June 2022, so far as is known to the Directors, no person (other than the Directors or chief executive of the Company) 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.

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 three months ended 30 June 2022, 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 three months ended 30 June 2022.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the three months ended 30 June 2022, the Company has complied with all applicable code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 15 to 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 terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

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 listing of the Company on GEM of the Stock Exchange which was 20,000,000 shares, representing approximately 7.62% of the issued shares of the Company as at the date of this announcement. 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 2022 and as of 30 June 2022, no Share Options were outstanding.

During the three months ended 30 June 2022, no share options were granted pursuant to the Share Option Scheme.

As at 30 June 2022, none of the Directors or employees held any share options of the Company under the Share Option Scheme.

EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 30 June 2022 and up to the date of this announcement.

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 announcement, 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 three months ended 30 June 2022 and recommended to the Board for approval.

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

Hong Kong, 9 August 2022

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

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the date of its publication and will be published on the website of the Company at www.steedoriental.com.hk.