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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)

AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

CHARACTERISTICS OF THE GEM ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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.

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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 audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2024, together with comparative figures for the corresponding period of 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

		2024	2023
	Notes	***HK$'000***	*HK$'000*
Continuing operations			
Revenue	*3*	**63,120**	12,509
Cost of sales		**(48,375)**	(10,520)
Gross profit		**14,745**	1,989
Other income	*4*	**1,107**	4,666
Other losses, net	*5*	**(5,612)**	(3,359)
Selling expenses		**(84)**	(83)
Administrative expenses		**(19,682)**	(16,937)
Fair value loss on investment properties		**(2,844)**	(1,373)
Impairment losses on non-current assets	*8*	**(12,303)**	–
Loss from operations		**(24,673)**	(15,097)
Finance costs	*6(a)*	**(15,028)**	(15,016)
Loss before taxation	*6*	**(39,701)**	(30,113)
Income tax credit	*7*	**1,086**	1,145
Loss for the year from continuing operations		**(38,615)**	(28,968)
Discontinued operation			
Loss for the year from discontinued operation		**–**	(226)
Loss for the year attributable to equity shareholders of the Company		**(38,615)**	(29,194)

	Notes	**2024**	2023
		HK$'000	*HK$'000*
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Exchange differences arising on translating into presentation currency		**(2,656)**	1,786
Items that may be subsequently reclassified to profit or loss			
Reclassification of cumulative exchange reserve to profit or loss upon disposal of subsidiaries		**–**	3,987
Exchange differences arising on translating foreign operation		**–**	(3,763)
Other comprehensive (expense)/income for the year, net of tax		**(2,656)**	2,010
Total comprehensive expense for the year attributable to equity shareholders of the Company		**(41,271)**	(27,184)
Loss for the year attributable to equity shareholders of the Company			
– from continuing operations		**(41,271)**	(28,968)
– from discontinued operation		**–**	(226)
Loss for the year		**(41,271)**	(29,194)
Loss per share from continuing and discontinued operations attributable to equity shareholders of the Company for the year			
Basic and diluted (HK cents)	*9*		
– from continuing operations		**(14.71)**	(11.03)
– from discontinued operation		**–**	(0.09)
Loss per share for the year		**(14.71)**	(11.12)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**83,343**	114,065
Investment properties		**30,284**	34,795
Right-of-use assets		**31,499**	34,589
Intangible assets		**–**	995
Other non-current assets		**437**	459
Total non-current assets		**145,563**	184,903
Current assets			
Inventories		**26,360**	19,372
Trade and other receivables	*10*	**27,516**	23,036
Contract assets		**1,863**	7,708
Cash and cash equivalents		**955**	644
Total current assets		**56,694**	50,760
LIABILITIES			
Current liabilities			
Trade and other payables	*11*	**69,258**	47,276
Contract liabilities		**1,724**	5,678
Bank borrowings		**–**	169,762
Lease liabilities		**216**	443
Total current liabilities		**71,198**	223,159
NET CURRENT LIABILITIES		**(14,504)**	(172,399)

	Notes	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Bank borrowings		**161,500**	–
Deferred income tax liabilities		**1,516**	2,689
Deferred income		**–**	285
Lease liabilities		**–**	216
Total non-current liabilities		**163,016**	3,190
NET (LIABILITIES)/ASSETS		**(31,957)**	9,314
EQUITY			
Share capital		**2,625**	2,625
Reserves		**(34,582)**	6,689
TOTAL (DEFICIENCY)/EQUITY		**(31,957)**	9,314

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 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 Act, Cap 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) 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 the 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$38,615,000 and had net cash used in operating activities of approximately HK$11,759,000 for the year ended 31 March 2024. As at 31 March 2024, the Group had net current liabilities and net liabilities of approximately HK$14,504,000 and HK$31,957,000 respectively while the Group only had a balance of cash and cash equivalents of approximately HK$955,000.

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 ("Cash Flow Forecast") 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 HK$27,097,000 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$53,922,000 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$108,389,000 and HK$53,111,000 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.

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 within the forecast period, 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.

(c) Adoption of new or amended 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 polices' 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.

(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.

(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[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")[2,4]
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")[2,4]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 No mandatory effective date yet determined but available for adoption.

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

3 Effective for annual periods beginning on or after 1 January 2024.

4 As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Int 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. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the sourcing, manufacturing and sale of wooden products.

For the year ended 31 March 2024 and 2023, the Group has only one reportable operating segment which is Wooden Products Business that involving the sourcing, manufacturing and sale of wooden products in the PRC. Thus, no operating segments have been aggregated to form the above reportable operating segment.

The executive directors of the Company have been identified as the chief operating decision makers (the "CODM"). The CODM review the Group's revenue analyses by products and by the geographical location in the delivery of goods in order to assess performance and allocation of resources.

Other than revenue analyses, no operating results and other discrete financial information are available for the assessment of performance by the respective major products and customers. The CODM review the results of the Group as a whole to make decisions. Accordingly, other than entity wide information, no other segment analysis is presented.

During the year ended 31 March 2023, the Group disposed of the interests in export sales business segment which was presented as "discontinued operation". The following segment information of the Group's business units does not include the discontinued operation.

Disaggregation of revenue

In the following table, revenue is disaggregated by timing of recognition and major products from continuing operations as below:

	2024	2023
	HK$'000	*HK$'000*
Timing of revenue recognition		
At a point in time		
Sale of structural panel	**5,661**	1,860
Sale of supplementary materials use in construction	**29,161**	3,072
Others	**1,533**	223
	36,355	5,155
Transferred over time		
Made-to-order wooden products	**26,765**	7,354
	63,120	12,509

Revenue from customers with whom transactions have exceeded 10% of the Group's revenue is as follows:

	2024	2023
	HK$'000	*HK$'000*
Customer A	**27,446**	8,250
Customer B *(note (i))*	**11,998**	–
Customer C *(note (i))*	**11,409**	–

Notes:

(i) The corresponding revenue did not individually contribute over 10% of the Group's revenue during the year ended 31 March 2023.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for wooden products that had an original expected duration of one year or less.

(b) Geographic information

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.

	2024	2023
	HK$'000	*HK$'000*
Mainland China	**63,120**	12,509

The Group has operations in two principal geographical areas – Hong Kong ("HK") and Mainland China during the years ended 31 March 2024 and 2023. Information about the Group's non-current assets presented based on the location of the non-current assets is as below:

	2024	2023
	HK$'000	*HK$'000*
HK	**–**	662
Mainland China	**145,563**	184,241
	145,563	184,903

4. OTHER INCOME

	2024	2023
	HK$'000	*HK$'000*
Continuing operations		
Rental income	**766**	2,661
Other income from trading of other goods	**–**	1,904
Bank interest income	**1**	2
Government subsidies *(note)*	**300**	99
Others	**40**	–
	1,107	4,666

Note: The government subsidies mainly represented "Air Pollution Prevention" subsidy launched by the government of the People's Republic of China (the "PRC").

5. OTHER LOSSES, NET

	2024	2023
	HK$'000	*HK$'000*
Continuing operations		
Net (loss)/gain on disposal of property, plant and equipment	**(6,167)**	972
Net foreign exchange gain/(loss)	**548**	(4,251)
Others	**7**	(80)
	(5,612)	(3,359)

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2024	2023
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank borrowings	**15,004**	14,991
Interest on lease liabilities	**24**	25
	15,028	15,016

No borrowing costs have been capitalised for the years ended 31 March 2024 and 2023.

(b) Staff costs

	2024	2023
	HK$'000	*HK$'000*
Continuing operations		
Salaries, wages and other benefits	**3,144**	3,828
Contributions to defined contribution retirement plans	**108**	117
	3,252	3,945

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in HK. The assets of the scheme are held separately from those of the Group, in funds under the control of a trustee. The Group contributes 5% of relevant payroll costs to the scheme, of which contribution is matched by employees.

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plans is to make the specified contributions.

(c) Other items

	2024	2023
	HK$'000	*HK$'000*
Continuing operations		
Depreciation of property, plant and equipment	**4,866**	4,988
Amortisation of intangible assets	**229**	242
Depreciation of right-of-use assets		
– Properties	**440**	387
– Land use right	**711**	748
Expected credit loss of trade receivables	**1,727**	3,915
Expected credit loss of other receivables	**619**	805
Expected credit loss of contract assets	**5,484**	–
Short term lease expenses	**14**	14
(Reversal of)/provision for impairment of inventories	**(82)**	385
Fair value loss on investment properties	**2,844**	1,373
Auditors' remuneration	**1,000**	1,180
Cost of inventories[#]	**48,375**	10,520

[#] Cost of inventories includes HK$2,273,000 (2023: HK$2,423,000) relating to staff costs and depreciation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

7. TAXATION

The amount of tax recognised in the consolidated statement of profit or loss and other comprehensive income represents:

	2024	2023
	HK$'000	*HK$'000*
Continuing operations		
Current tax		
Provision of PRC Corporate Income Tax for the year	**–**	–
Deferred income tax	**(1,086)**	(1,145)
	(1,086)	(1,145)

The Company and subsidiary incorporated in HK 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%.

The Company and the subsidiaries of the Group incorporated in the Cayman Islands and the British Virgin Islands (the "BVI") are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

The subsidiaries of the Group established in the PRC (excluding HK) are subject to the PRC Corporate Income Tax rate of 25% for the year ended 31 March 2024 (2023: 25%).

8. IMPAIRMENT LOSSES ON NON-CURRENT ASSETS

For the purpose of impairment assessment, assets mainly include property, plant and equipment, intangible assets and right-of-use assets (including allocation of corporate assets) that generate cash flows are also included in the respective groups of cash-generating units ("CGU").

The group of non-financial assets included in sole Wooden Products Business is tested for impairment as the Wooden Products Business segment recorded a segment loss during the years.

The management assessed for whether CGU have any impairment indicator by considering whether it recorded operating loss in recent two reporting periods and the Group cannot meet the sales target for the year ended 31 March 2024 because of the PRC economic recovery is slower than expected and the demand for construction and real property industry continues to decline in the PRC.

In allocating an impairment loss, the Group shall not reduce the carrying amount of property, plant and equipment, right-of-assets and intangible assets below the highest of its fair value less cost of disposal ("FVLCOD"); its value-in-use ("VIU") and zero. The carrying amount of CGU is divided by the workshop and office building of the industrial complex and other non-financial assets.

Based on management's assessment, the individual fair value less cost of disposal of the workshop and office building of industrial complex exceeds its individual carrying amount and therefore no impairment loss is recognised in profit or loss for the year ended 31 March 2024 for these assets. The individual fair value less cost of disposal of the other non-financial assets is nil due to there is no demand for the other non-financial assets in their current condition and, as such, they were fully impaired.

For the year ended 31 March 2024, as a result of the impairment review of CGU with impairment indicator, impairment loss of approximately HK$11,363,000, HK$220,000 and HK$720,000 has been recognised on property, plant and equipment, right-of-use assets and intangible assets, respectively.

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:

	2024	2023
Loss *(HK$'000)*		
Loss for the purpose of calculating the basic and dilutive earnings per share		
– from continuing operations	**(38,615)**	(28,968)
– from discontinued operation	**–**	(226)
Loss for the year	**(38,615)**	(29,194)
Numbers of shares *('000)*		
Weighted average number of ordinary shares in issue	**262,473**	262,473
Loss per share from continuing and discontinued operations attributable to equity shareholders of the Company for the year		
Basic and dilutive *(HK cents)*		
– from continuing operations	**(14.71)**	(11.03)
– from discontinued operation	**–**	(0.09)
Loss per share for the year	**(14.71)**	(11.12)

There were no potential dilutive ordinary shares outstanding during the years ended 31 March 2024 and 31 March 2023.

10. TRADE AND OTHER RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables due from third parties	**25,421**	7,954
Less: Loss allowance	**(7,135)**	(5,702)
Trade receivables	**18,286**	2,252
Prepayments, deposits and other receivables:		
– Prepayments for purchase of inventories	**2,784**	12,401
– Receivable for trading of other goods	**7,691**	8,919
– Others *(note)*	**135**	269
	10,610	21,589
Less: Loss allowance	**(1,380)**	(805)
Other receivables	**9,230**	20,784
Trade and other receivables	**27,516**	23,036

Note: The amounts mainly represent rental deposit of HK$120,000 (2023: HK$120,000).

All of the trade and other receivables are expected to be recovered or recognised as expenses within one year.

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:

	2024	2023
	HK$'000	*HK$'000*
Within 30 days	**6,652**	1,068
31 to 60 days	**6,266**	–
61 to 90 days	**1,001**	–
91 to 180 days	**4,367**	–
Over 180 days	**–**	1,184
	18,286	2,252

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

11. TRADE AND OTHER PAYABLES

	2024	2023
	HK$'000	*HK$'000*
Trade payables:		
– Amounts due to third parties *(note (ii))*	**2,571**	2,242
Other payables and accrued expenses:		
Recognised at amortised cost		
– Payables for staff related costs	**3,954**	3,877
– Amounts due to then related parties of Hebei Youlin *(note (i))*	**–**	60
– Payables for acquisition of property, plant and equipment	**4,759**	9,625
– Interest payables	**415**	436
– Other tax payables	**2,464**	1,037
– Other accruals and payables	**1,130**	1,405
– Accrued director's emoluments	**43**	–
– Advances from shareholders *(note (iii))*	**53,922**	28,594
	69,258	47,276

Notes:

(i) The amounts due to then related parties of Hebei Youlin Technology Company Limited ("Hebei Youlin") include advances from Mr. Huo Julin, one of the then equity owners of Hebei Youlin, amounting to approximately HK$nil (2023: HK$60,000) which are unsecured, non–interest bearing and expected to be settled within one year.

The advances from a company with 20% of equity interests held by Mr. Li Xianfeng, another then equity owner of Hebei Youlin was fully settled during the year ended 31 March 2023.

(ii) All of the trade and other payables at 31 March 2024 and 2023 are expected to be settled or recognised in profit or loss within one year or are repayable on demand.

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

	2024	2023
	HK$'000	*HK$'000*
Within 30 days	**1**	207
31 to 60 days	**–**	8
61 to 90 days	**288**	2
Over 90 days	**2,282**	2,025
	2,571	2,242

(iii) Amounts due to shareholders are unsecured, non-interest bearing and repayable on demand.

12. DIVIDENDS

The directors of the Company do not recommend the payment of a final dividend for the years ended 31 March 2024 and 2023.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 March 2024.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2(b) to the consolidated financial statements, which indicates that as of 31 March 2024, the Group incurred a loss of approximately HK$38,615,000 and as of that date, the Group's current liabilities exceeded its current assets by approximately HK$14,504,000. As stated in note 2(b), this event or condition, along with other matters as set forth in note 2(b), indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

During the year ended 31 March 2024, China's economy gradually stabilized and rebounded, with a 5.2% year-on-year growth in gross domestic production recorded for the year 2023. Since the beginning of the year, pent-up consumer demand has been gradually released in many areas of China. But the Group's business continued to operate in a challenging business environment due to the adverse impact brought by the significant slowdown of the real estate industry in China. According to the National Bureau of Statistics in China, new housing starts has continued to decline throughout the year. As a result, the business environment in which the Group operates remains to be challenging and tough during the year ended 31 March 2024, and exert downward pressure on the Group's profit margin.

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 year ended 31 March 2024, the Group recorded revenue of approximately HK$63.1 million, representing an approximately 404.8% increase comparing to the previous year (2023: approximately HK$12.5 million). The increase was mainly due to the increase in the sale of Group's products as a result of the removal of all the COVID-19 controls in the PRC.

Gross profit and margin

The gross profit for the year increased by approximately 635.0% to approximately HK$14.7 million (2023: approximately HK$2.0 million).

Loss for the year

During the year ended 31 March 2024, the Group recorded loss of approximately HK$38.6 million, representing an approximately HK$9.6 million increase comparing to the previous year (2023: loss of approximately HK$29.0 million).

The increase in loss was mainly due to i) the increase in administration expenses by approximately HK$2.8 million to approximately HK$19.7 million for the year ended 31 March 2024 (2023: approximately HK$16.9 million); ii) the increase in other losses by approximately HK$2.2 million to approximately HK$5.6 million (2023: other loss of approximately HK$3.4 million); iii) the decrease in other income by approximately HK$3.6 million to approximately HK$1.1 million (2023: approximately HK$4.7 million); iv) the increase in fair value loss on investment properties by approximately HK$1.4 million to approximately HK$2.8 million (2023: approximately HK$1.4 million); and v) the recognition of impairment losses on non-current assets amounting approximately HK$12.3 million (2023: HK$nil). Such increase in loss was offset by the increase in gross profit by approximately HK$12.7 million to approximately HK$14.7 million for the year ended 31 March 2024 (2023: approximately HK$2.0 million).

Discontinued operation

The Group disposed of CD Enterprises Company Limited and its subsidiaries which were principally engaged in sourcing, manufacturing and sale of plywood products during the year ended 31 March 2023. The Group did not record any profit or loss from discontinued operation during the year ended 31 March 2024 (2023: loss of approximately HK$0.2 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 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 31 March 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 trade and other payables and bank borrowings.

As at 31 March 2024, the Group maintained cash and cash equivalents amounting to approximately HK$1.0 million (as at 31 March 2023: approximately HK$0.6 million). The Group recorded net current liabilities of approximately HK$14.5 million as at 31 March 2024 (as at 31 March 2023: net current liabilities of approximately HK$172.4 million).

As at 31 March 2024, the Group's total bank borrowings, all being denominated in Renminbi amounted to approximately HK$161.5 million (as at 31 March 2023: approximately HK$169.8 million).

As at 31 March 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 31 March 2024, the Group's gearing ratio (calculated by dividing total liabilities by total assets as at the end of financial year) was approximately 115.8% (as at 31 March 2023: approximately 96.0%).

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2024, certain land use rights of the Group with carrying amount of approximately HK$31.5 million; certain property, plant and equipment of the Group with aggregate carrying amount of approximately HK$75.1 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$161.5 million.

CONTINGENT LIABILITIES

As at 31 March 2024, there were no significant contingent liabilities for the Group.

CAPITAL COMMITMENTS

As at 31 March 2024, the capital commitments in respect of property, plant and equipment contracted for but not provided for the consolidated financial statements were approximately HK$nil (as at 31 March 2023: approximately HK$nil).

SIGNIFICANT INVESTMENT

During the year ended 31 March 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 31 March 2024, the Group had a total of 21 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 31 March 2024, none of the Directors or employees held any share options of the Company under the Share Option Scheme.

EVENT AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 March 2024 and up to the date of this announcement.

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

During the year ended 31 March 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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, despite that economic activities in China were returning to their normality following the containment of the COVID-19 pandemic.

The Group will focus on the domestic market, and will remain engaged in the sourcing, manufacturing and sale of various wooden products. 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 done 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.

CORPORATE GOVERNANCE PRACTICES

The Board strives to uphold the principles of corporate governance set out in the Corporate Governance Code (the "CG Code") contained in Part 2 of Appendix C1 of the GEM Listing Rules. The Board also adopts various measures to enhance the internal control system, the Directors' continuous professional development and other areas of corporate governance practice. While the Board strives to maintain a high level of corporate governance, it also works hard to create value and achieve maximum return for its shareholders. The Board will continue to conduct reviews and improve the quality of corporate governance practices with reference to local and international standards.

During the year ended 31 March 2024, the Company had complied with the code provisions as set out in the CG Code in all material respects.

REVIEW BY THE AUDIT COMMITTEE

The Company established an audit committee (the "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.

The Audit Committee has reviewed the annual results and financial statements of the Group for the year ended 31 March 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, 28 June 2024

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