STEED ORIENTAL (HOLDINGS) COMPANY LIMITED
駿東（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8277)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2016

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("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 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 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 results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2016, together with comparative audited figures for the corresponding period in 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	NOTES	**2016** *HK$'000*	2015 *HK$'000*
Revenue	*3*	**242,073**	308,290
Cost of goods sold		**(212,068)**	(264,884)
Gross profit		**30,005**	43,406
Other income		**226**	401
Other losses	*4*	**(3,324)**	(1,279)
Selling and distribution costs		**(8,781)**	(8,531)
Administrative expenses		**(25,659)**	(21,917)
Listing expenses		**–**	(4,973)
Finance costs		**(1,277)**	(1,110)
(Loss) profit before taxation	*5*	**(8,810)**	5,997
Taxation	*6*	**(640)**	(3,878)
(Loss) profit for the year		**(9,450)**	2,119
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(1,465)**	88
Fair value (loss) gain on available-for-sale investments		**(298)**	316
Reclassification adjustment relating to available-for-sale investments disposed of during the year		**30**	(106)
Other comprehensive (expense) income for the year		**(1,733)**	298
Total comprehensive (expense) income for the year		**(11,183)**	2,417
(Loss) profit for the year attributable to owners of the Company		**(9,450)**	2,119
Total comprehensive (expense) income for the year attributable to owners of the Company		**(11,183)**	2,417
(Loss) earnings per share			
Basic and diluted (HK cents)	*8*	**(4.73)**	1.66

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	NOTES	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		**13,151**	13,506
Prepaid lease payment		**15,557**	16,507
Available-for-sale investments		**449**	820
Rental deposits		**156**	163
Deposit paid for acquisition of property, plant and equipment		**298**	–
		29,611	30,996
Current assets			
Inventories		**29,956**	40,353
Prepaid lease payment		**332**	346
Available-for-sale investments		**2,408**	–
Trade and other receivables	*9*	**8,968**	13,747
Amounts due from shareholders		**–**	10
Tax recoverable		**523**	–
Bank balances and cash		**70,735**	65,212
		112,922	119,668
Current liabilities			
Trade and other payables	*10*	**21,166**	22,846
Derivative financial instruments		**307**	–
Taxation payable		**587**	1,620
Obligations under a finance lease – due within one year		**263**	342
Bank borrowings – due within one year		**36,793**	33,680
		59,116	58,488
Net current assets		**53,806**	61,180
Total assets less current liabilities		**83,417**	92,176

	NOTES	**2016**	2015
		HK$'000	*HK$'000*
Non-current liabilities			
Obligations under a finance lease – due after one year		**–**	263
Deferred taxation		**506**	671
		506	934
Net assets		**82,911**	91,242
Capital and reserves			
Capital		**2,000**	2,000
Reserves		**80,911**	89,242
Total equity		**82,911**	91,242

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 August 2013 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its shares have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 23 February 2015 (the "Listing").

The Company acts as an investment holding company and its subsidiaries are principally engaged in sourcing, manufacturing and sale of plywood products as well as the trading of round logs.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") while the functional currency of the Company is United State dollars ("US$"). The reason for selecting Hong Kong dollars as its presentation currency is that the directors of the Company consider it is more beneficial for the users of the consolidated financial statements as the Company's shares are listed on the Stock Exchange.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle

The application of the above amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers[2]
HKFRS 16	Leases[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle[3]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[3]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[3]
Amendments to HKAS 1	Disclosure initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[3]

1 Effective for annual periods beginning on or after 1 January 2019.

2 Effective for annual periods beginning on or after 1 January 2018.

3 Effective for annual periods beginning on or after 1 January 2016.

4 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future will affect the classification and measurement of the Group's financial assets but unlikely affect the Group's financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed analysis.

The directors of the Company have yet to perform a detailed review on the potential impacts of HKFRS 15. Hence, it is not practicable to provide a reasonable estimate of the financial effect and the relevant disclosures at this juncture.

The directors of the Company are in the process of assessing the impact of HKFRS16 on the consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on sourcing, manufacturing and sale of plywood products and trading of round logs. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs. The directors of CD Enterprises Company Limited (before completion of the group reorganisation) and the executive directors of the Company (after completion of the group reorganisation) have been identified as the chief operating decision makers ("CODM"). The CODM reviews the Group's revenue analysis by products and by the geographical location of delivery of goods in order to assess performance and allocation of resources.

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

Entity wide information is as follows:

Revenue from its major products

The following is an analysis of the Group's revenue from its major products:

	2016	2015
	HK$'000	*HK$'000*
General plywood	**170,238**	261,889
Packing plywood	**30,578**	26,319
Structural panel	**2,311**	2,552
Floor base	**20,013**	16,219
Round logs	**16,909**	–
Others	**2,024**	1,311
	242,073	308,290

Geographical information

Information about the Group's revenue from external customers presented based on the geographical location of delivery of goods is as below:

	2016	2015
	HK$'000	*HK$'000*
Japan	**196,768**	275,756
Thailand	**33,259**	15,096
South Korea	**415**	558
Hong Kong	**7,834**	10,157
Other countries	**3,797**	6,723
	242,073	308,290

The Group has operations in two principal geographical areas – Hong Kong and the People's Republic of China ("PRC") during both years.

Information about the Group's non-current assets (excluding available-for-sale investments) presented based on the location of the non-current assets is as below:

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**575**	835
PRC	**28,587**	29,341
	29,162	30,176

Information about major customers

Revenue from customers contributing over 10% of total revenue of the Group during both years are as below:

	2016	2015
	HK$'000	*HK$'000*
Customer A *(note)*	**90,889**	100,772
Customer B *(note)*	**65,795**	75,029

Note: Revenue from sale of general plywood, packing plywood, structural panel and floor base products.

4. OTHER LOSSES

	2016	2015
	HK$'000	*HK$'000*
Fair value (loss) gain on derivative financial instruments	**(307)**	1,217
(Loss) gain on disposal of available-for-sale investments	**(30)**	106
Loss on disposal/written off of property, plant and equipment	**(179)**	(129)
Net exchange losses	**(2,808)**	(2,473)
	(3,324)	(1,279)

5. (LOSS) PROFIT BEFORE TAXATION

	2016	2015
	HK$'000	*HK$'000*
(Loss) profit before taxation has been arrived at after charging:		
Directors' remuneration	**4,361**	3,570
Other staff costs	**17,436**	20,259
Retirement benefit schemes contributions for other staff	**1,529**	1,598
Share-based payments for other staff	**2,269**	–
Total staff costs	**25,595**	25,427
Auditors' remuneration	**1,058**	918
Release of prepaid lease payment	**336**	402
Cost of inventories recognised as expense	**212,068**	264,884
Depreciation of property, plant and equipment	**2,321**	2,587
Operating lease rentals in respect of rented premises	**2,151**	2,231

6. TAXATION

	2016	2015
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**112**	855
PRC Enterprise Income Tax	**693**	2,666
	805	3,521
Deferred taxation		
(Credit) charge for the year	**(165)**	357
	640	3,878

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

Under the Law on EIT of the PRC, the statutory tax rate of the PRC subsidiaries is 25%.

7. DIVIDEND

There was no dividend declared by the Group during both years.

8. (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 data:

	2016	2015
	HK$'000	*HK$'000*
(Loss) profit for the purposes of calculating basic and diluted (loss) earnings per share ((loss) profit for the year attributable to owners of the Company)	**(9,450)**	2,119

	2016	2015
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**200,000,000**	127,645,743

The weighted average number of ordinary shares in issue during the year ended 31 March 2015 was calculated on the assumption that the group reorganisation was effective on 1 April 2014, and has been adjusted to reflect the capitalisation issue of 148,744,600 ordinary shares of HK$0.01 each on 23 February 2015.

The diluted loss per share for the year ended 31 March 2016 has not been taken into account the effect of outstanding share options as the adjusted exercise price of those options was higher than the average market price for shares for the period.

No diluted earnings per share was presented for the year ended 31 March 2015 as there was no potential ordinary shares.

9. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**5,450**	9,280
Deposits to suppliers	**3,238**	3,404
Value-added tax receivables	**–**	810
Prepayments and other deposits	**280**	253
Total trade and other receivables	**8,968**	13,747

The Group usually accepts letters of credit issued by commercial banks to facilitate payment in its trade with overseas customers and no credit period is granted to these customers. For other customers, credit period ranging from 30 – 90 days is granted from date of delivery of goods. Most of the sales are settled by letters of credit. The following is an aged analysis of trade receivables presented based on the invoice date (which approximated the respective revenue recognition dates) at the end of each reporting period:

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**5,450**	9,135
31 to 60 days	**–**	145
	5,450	9,280

10. TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables *(note)*	**12,883**	14,253
Accrued staff costs	**3,377**	4,006
Accrued listing expenses	**–**	660
Accrued expenses	**3,239**	2,446
Deposits received from customers	**902**	1,481
Value-added tax payables	**765**	–
Total trade and other payables	**21,166**	22,846

Note: At 31 March 2016, included in the trade payables was an amount of HK$302,000 (2015: HK$302,000) payable to Prosperity Materials International Limited, a related company which is controlled by a close family member of Mr. Huang Dong Sheng's family. The amount was aged over 1 year.

The credit period of trade payables is 30 to 180 days.

The following is an aged analysis of trade payables based on the invoice date at the end of each reporting period:

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**4,980**	4,307
31 to 60 days	**1,845**	4,121
61 to 90 days	**1,968**	2,917
Over 90 days	**4,090**	2,908
	12,883	14,253

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the sourcing, manufacturing and sale of plywood products as well as the trading of round logs. The Group's major plywood products can be categorised into (i) general plywood used in interior applications of buildings and manufacture of wooden furniture for home and office; (ii) packing plywood used as packaging material; (iii) structural panel used for construction; (iv) floor base used for flooring; and (v) other plywood products.

Due to continued keen competition in the plywood market between countries, as well as an observed downward trend in the plywood imports market in Japan since April 2015, our sales volume of plywood products fell by about 25% from approximately 86,400 cubic meters for the year ended 31 March 2015 to approximately 64,700 cubic meters for the year ended 31 March 2016. Since the plywood demand from Japan is weak, the increase in our material costs were not able to be fully passed on to our customers, resulting in the slight drop of the gross profit margin by approximately 1.7% to approximately 12.4% for the year ended 31 March 2016 (2015: approximately 14.1%).

According to the International Tropical Timber Organisation ("ITTO"), in 2015 (calendar year) Japan's plywood imports from three major import countries were down 20.5% compared to the same period in 2014. Over the same period in 2015, plywood imports had fallen by 19.3% for Indonesia, by 18.7% for Malaysia and by 33.6% for China. In order to minimise our reliance on the plywood market, the Group entered the trading of round logs in the second quarter during the financial year ended 31 March 2016, and may further develop this trading business in the coming future. In order to expand our customer base to minimise our reliance on a single economy, along with the sources of manufacturing to minimise the overall manufacturing cost, certain trading subsidiaries of the Group have obtained the FSC certification (our production plant has renewed the FSC certification in March 2016) which can be involved in the chains of trade of the FSC products.

FINANCIAL REVIEW

Revenue

During the year ended 31 March 2016, the Group recorded the revenue of approximately HK$242,073,000, representing an approximately 21% decrease from the previous year (2015: approximately HK$308,290,000). This was mainly attributable to a fall in orders received from our existing customers following the weakened plywood demand from Japan.

Gross profit

The gross profit margin slightly decreased from approximately 14.1% for the year ended 31 March 2015 to approximately 12.4% for the year ended 31 March 2016. The major reason for this drop is due to the increase in our material costs in the financial year ended 31 March 2016 and the said increase was not able to be fully passed on to our customers.

(Loss) profit for the year

The Group recorded a loss of approximately HK$9.5 million for the year ended 31 March 2016 from a profit of approximately HK$2.1 million for the year ended 31 March 2015.

The decrease was mainly contributed to i) the decrease in gross profit from the drop in sales volume and increase in material costs as described above so that gross profit reduced by approximately HK$13.4 million to approximately HK$30.0 million for the year ended 31 March 2016 (2015: gross profit was approximately HK$43.4 million); ii) the increase in administrative expenses resulted from the recognition of the share-based payment in which share options were granted during the year ended 31 March 2016 amounting to approximately HK$2.9 million (2015: nil); and iii) the net exchange loss resulted by the devaluation of the Renminbi during the year ended 31 March 2016 amounting to approximately HK$2.8 million. Such decrease in profit was offset by i) the decrease in the profit tax by approximately HK$3.3 million to HK$0.6 million in financial year ended 31 March 2016 (2015: approximately HK$3.9 million); and ii) the absence of the listing expenses amounting to approximately HK$5.0 million in financial year ended 31 March 2016.

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 and bank borrowings. Going forward, we intend to finance future operations and capital expenditures with cash flow from the Group's operating activities, banking facilities made available to us and net proceeds from the placing of a total of 50,000,000 new shares in the Company on 23 February 2015 (the "Listing Date") at the placing price of HK$1.20 each (the "Placing").

The primary uses of cash have been, and are expected to continue to be, operating costs and capital expenditure. As at 31 March 2016, the current assets comprised primarily of cash and bank balances, trade and other receivables and inventories and the current liabilities comprised primarily of trade and other payables and bank borrowings.

As at 31 March 2016, the Group maintained cash and cash equivalents amounting to approximately HK$70.7 million (2015: approximately HK$65.2 million). Net current assets decreased from approximately HK$61.2 million as at 31 March 2015 to approximately HK$53.8 million as at 31 March 2016, mainly due to the decrease of inventory balances according to the weakened plywood demand.

As at 31 March 2016, the Group's total bank borrowings, all being denominated in Hong Kong dollars or United States dollars, amounted to approximately HK$36.8 million (2015: approximately HK$33.7 million).

As at 31 March 2016, the capital structure of the Group consisted of cash and cash equivalents together with equity attributable to owners of the Company, comprised of issued share capital and reserves.

The shares of the Company were successfully listed on the GEM of the Stock Exchange on 23 February 2015. There has been no change in the capital structure of the Group since then. The share capital of the Company only comprises of ordinary shares. As at 31 March 2016, the Company's issued share capital was HK$2 million and the number of ordinary shares issued was 200,000,000 of HK$0.01 each.

As at 31 March 2016, the Group's gearing ratio (calculated by dividing total debt by total equity as at the end of financial year) was approximately 44.7% (2015: approximately 37.6%). The increase in gearing ratio was a result of the loss for the year attributable to equity holders of the Company.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2016, the Group's trade receivables of approximately HK$3,295,000 (2015: approximately HK$6,848,000) were pledged to secure export bills discounted with full recourse.

CONTINGENT LIABILITIES

As at 31 March 2016, there were no significant contingent liabilities for the Group.

CAPITAL COMMITMENT

As at 31 March 2016, the capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements were amounted to approximately HK$354,000 (2015: nil).

SIGNIFICANT INVESTMENT

During the year ended 31 March 2016, the Group did not have any significant investment (2015: nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

No material acquisitions or disposals of its subsidiaries or affiliated companies were made by the Group for the year ended 31 March 2016 (2015: nil).

USE OF PROCEEDS FROM THE PLACING OF SHARES

The Company was successfully listed on the GEM on the Listing Date by way of the Placing of a total of 50,000,000 new shares in the Company at the placing price of HK$1.20 each and the net proceeds raised from the Placing were about HK$50.1 million after deducting the listing-related expenses.

In line with that disclosed in the prospectus of the Company for the Placing dated 12 February 2015, the Company intends to apply the net proceeds raised from the Placing as to (i) approximately 55.5% of the net proceeds for the construction of a new production plant in the People's Republic of China (the "PRC"); (ii) approximately 34.9% of the net proceeds for the acquisition of machinery and equipment for the new production plant in the PRC; and (iii) approximately 9.6% for working capital and other general corporate purpose.

The proceeds from the Placing in the amount of approximately HK$0.1 million has been used for the construction of new production plant of the Group as at 31 March 2016 and the remaining amount of approximately HK$27.7 million will continue to be used for the construction of new production plant and the remaining amount of approximately HK$17.5 million will continue to be applied for the operating costs and capital expenditure of the Group.

As at the date of this announcement, the unutilised proceeds were placed with banks in Hong Kong as short-term deposits.

FOREIGN EXCHANGE EXPOSURE

The trading of plywood products is conducted predominantly in United States dollars ("US dollars" or "US$") while the production costs are mainly denominated in Renminbi ("RMB"). The Group manages its foreign currency risk by closely monitoring the movements of foreign currency exchange rates. The management manages foreign currency exposure by entering into foreign exchange forward contracts. 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 2016, the Group had a total of 197 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. Staff benefit plans maintained by the Group include several mandatory provident fund schemes as well as travel, medical and life insurance.

The Company has 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 2016, 9,800,000 options had been granted under the Share Option Scheme.

EVENT AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 March 2016 and up to the date of this announcement.

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

During the year ended 31 March 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

FINAL DIVIDEND

The Board does not recommend payment of a final dividend for the year ended 31 March 2016.

FUTURE PROSPECTS

The proposed new production plant in Dong Mu Shan Industrial Park is expected to have a gross area of approximately 31,390 square meters and the new production base is expected to have an annual production capacity of approximately 99,456 cubic meters of plywood products. Up to the date of this announcement, the floor plan design is approved by the regulatory authority and the preliminary construction work is currently in progress. The management expects that the construction will be completed in around mid next year.

On 16 June 2015, Jiangmen Urban and Rural Planning Bureau issued a confirmation permitting the extension of the use of the leased properties of the Group at No. 29 Gao Sha Middle Road, Jiangmen City, Guangdong Province, the PRC (the "Leased Properties") from 31 May 2016 to 31 May 2018 on the condition that Jiangmen Changda Wood Products Co., Ltd.*（江門市昌達木業有限公司）complies with the relevant laws and regulations regarding environmental protection, fire prevention and safety supervision. The Group can continue to use the Leased Properties under the relevant lease agreements until 31 May 2018.

Apart from expanding the customer base of the Group by looking for potential markets in other countries, the management is also looking for potential business in relation to the expansion, including any possible increase in the production capacity or increase in the source of trading. In order to expand our customer base together with the business model, certain trading subsidiaries have obtained the FSC certification (our production plant has renewed the FSC certification in March 2016) which can be involved in the chains of trade of the FSC products. The Group has currently started developing the trading of round logs, and the Group is going to further develop this trading business to diversify our business. 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.

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 Appendix 15 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.

* *For identification purpose only*

During the year ended 31 March 2016, the Company has complied with the code provisions as set out in the CG Code.

REVIEW BY THE AUDIT COMMITTEE

The Company has established an audit committee of the Board (the "Audit Committee") in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules with written terms of reference which deal clearly with its authority and duties. The Audit Committee's principal duties are to review and supervise the Company's financial reporting process and internal control systems. The Audit Committee has reviewed the audited consolidated financial statements of the Company for the year ended 31 March 2016.

ANNUAL GENERAL MEETING (THE "AGM")

The 2016 AGM of the Company will be held on Monday, 25 July 2016, the AGM notice will be published and dispatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the shareholders' entitlement to attend and vote at the AGM, the Company's register of members will be closed from Thursday, 21 July 2016 to Monday, 25 July 2016 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to qualify for attending the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 20 July 2016.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the GEM website at www.hkgem.com and the Company's website at www.steedoriental.com.hk. The annual report of the Company for the year ended 31 March 2016 will be dispatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Steed Oriental (Holdings) Company Limited
Huang Dong Sheng
Chairman and Executive Director

Hong Kong, 13 June 2016

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Huang Dong Sheng, Ms. Wong Sut Keng, Ms. Wong Hang Kuen and Mr. Yeung Hung Yuen as executive Directors; Mr. Chan Kai Nang, Mr. Ho Chee Mun and Mr. Yuen Kim Hung as independent non-executive Directors.

This announcement will remain on the "Latest Company Announcements" page of GEM website at www.hkgem.com 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.