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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 2025**

**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.

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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 2025, together with comparative figures for the corresponding period of 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	21,240	63,120
Cost of sales		<u>(18,268)</u>	<u>(48,375)</u>
Gross profit		2,972	14,745
Other income	5	899	1,107
Other gains/(losses), net	6	1,092	(5,612)
Gain on disposal of a subsidiary	9	64,549	-
Selling expenses		(104)	(84)
Administrative expenses		(15,072)	(19,682)
Fair value loss on investment properties		(3,251)	(2,844)
Impairment losses on non-current assets		<u>-</u>	<u>(12,303)</u>
Profit/(loss) from operations		51,085	(24,673)
Finance costs	7(a)	<u>(13,695)</u>	<u>(15,028)</u>
Profit/(loss) before taxation	7	37,390	(39,701)
Income tax (expense)/credit	8	<u>(1,111)</u>	<u>1,086</u>
Profit/(loss) for the year attributable to equity shareholders of the Company		<u>36,279</u>	<u>(38,615)</u>
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Exchange differences arising on translating into presentation currency		<u>451</u>	<u>(2,656)</u>

		2025	2024
	Notes	HK\$'000	HK\$'000
Other comprehensive income/(expense) for the year, net of tax		<u>451</u>	<u>(2,656)</u>
Total comprehensive income/(expense) for the year attributable to equity shareholders of the Company		<u><u>36,730</u></u>	<u><u>(41,271)</u></u>
Earnings/(losses) per share			
Basic and diluted (<i>HK cents</i>)	10	<u><u>13.82</u></u>	<u><u>(14.71)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

		2025	2024
	Notes	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		42	83,343
Investment properties		18,536	30,284
Right-of-use assets		2,913	31,499
Deferred tax asset		946	—
Intangible assets		—	—
Other non-current assets		—	437
Total non-current assets		22,437	145,563
Current assets			
Inventories		257	26,360
Trade and other receivables	11	2,410	27,516
Contract assets		1,688	1,863
Cash and cash equivalents		2,906	955
Total current assets		7,261	56,694
LIABILITIES			
Current liabilities			
Trade and other payables	12	21,977	69,258
Contract liabilities		—	1,724
Lease liabilities		663	216
Total current liabilities		22,640	71,198
NET CURRENT LIABILITIES		(15,379)	(14,504)

		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Bank borrowings		–	161,500
Deferred tax liabilities		–	1,516
Lease liabilities		<u>2,285</u>	<u>–</u>
Total non-current liabilities		<u>2,285</u>	<u>163,016</u>
NET ASSETS/(LIABILITIES)		<u>4,773</u>	<u>(31,957)</u>
EQUITY			
Share capital		2,625	2,625
Reserves		<u>2,148</u>	<u>(34,582)</u>
TOTAL EQUITY/(DEFICIENCY)		<u>4,773</u>	<u>(31,957)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

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 HKFRS ACCOUNTING STANDARDS

(a) Adoption of new/amended HKFRS Accounting Standards – 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 16	Lease Liability in a Sale and Leaseback
Amendments to HKFRS 1	Classification of Liabilities as Current or Non-current (the “2020 Amendments”)
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

None of these new or amended HKFRS Accounting Standards has a material impact on the Company’s results and financial position for the current or prior period. The Company has not early applied any new or amended HKFRS Accounting Standards that is not yet effective for the current accounting period.

(b) New/amended HKFRS Accounting Standards that have issued but are not yet effective

The following new or amended HKFRS Accounting Standards, 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 HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries Without Public Accountability: Disclosures ⁴

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

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements”. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made. HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION

(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 Accounting Standards”) and the provisions of the Hong Kong Companies Ordinance which concern the preparation the consolidated financial statements. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of Stock Exchange.

(b) Basis of measurement and going concern assumption

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

As at 31 March 2025, the Group had net current liabilities of approximately HK\$15,379,000 while the Group only had a balance of cash and cash equivalents of approximately HK\$2,906,000.

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 basis in preparing the consolidated financial statements:

- The Group obtained bank facilities of RMB25,000,000 (equivalent to HKD26,787,000) for 3 years provided by a bank in May 2025. The directors of the Company considered that this facility would finance the settlement of existing financing obligations, as well as future operating and capital expenditure, if needed; and
- The shareholders have undertaken not to demand repayment of the amounts due to them of approximately HK\$13,808,000 until the Group has sufficient liquidity, as determined by the Group, to finance its operations.

Based on the above plans and measures, 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 these consolidated financial statements on a going concern basis.

4. 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 2025 and 2024, 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 People's Republic of China (the "PRC").

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.

Disaggregation of revenue

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

	2025 HK\$'000	2024 HK\$'000
Timing of revenue recognition		
At a point in time		
Sale of structural panel	4,514	5,661
Sale of supplementary materials use in construction	11,360	29,161
Others	53	1,533
	15,927	36,355
Transferred over time		
Made-to-order wooden products	5,313	26,765
	21,240	63,120

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

	2025 HK\$'000	2024 HK\$'000
Customer A	3,909	27,446
Customer B	3,805	11,998
Customer C (<i>note (i)</i>)	N/A	11,409
Customer D (<i>note (ii)</i>)	3,010	N/A

Notes:

- (i) The corresponding revenue did not individually contribute over 10% of the Group's revenue during the year ended 31 March 2025.
- (ii) The corresponding revenue did not individually contribute over 10% of the Group's revenue during the year ended 31 March 2024.
- (iii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

(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.

	2025 HK\$'000	2024 HK\$'000
Mainland China	21,240	63,120

The Group has operations in two principal geographical areas – Hong Kong (“HK”) and Mainland China during the years ended 31 March 2025 and 2024. Information about the Group's non-current assets presented based on the location of the non-current assets is as below:

	2025 HK\$'000	2024 HK\$'000
HK	285	–
Mainland China	22,152	145,563
	22,437	145,563

5. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Rental income	811	766
Bank interest income	77	1
Government subsidies (<i>note</i>)	–	300
Others	11	40
	<u>899</u>	<u>1,107</u>

Note: The government subsidies mainly represented “Air pollution prevention” subsidy launched by the government of the PRC.

6. OTHER GAINS/(LOSSES), NET

	2025 HK\$'000	2024 HK\$'000
Net gain/(loss) on disposal of property, plant and equipment	966	(6,167)
Net foreign exchange gain	103	548
Others	23	7
	<u>1,092</u>	<u>(5,612)</u>

7. PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance costs

	2025 HK\$'000	2024 HK\$'000
Interest on bank borrowings	13,666	15,004
Interest on lease liabilities	29	24
	<u>13,695</u>	<u>15,028</u>

No borrowing costs have been capitalised for the years ended 31 March 2025 and 2024.

(b) Staff costs

	2025 HK\$'000	2024 HK\$'000
Salaries, wages and other benefits	2,415	3,144
Contributions to defined contribution retirement plans	94	108
	<u>2,509</u>	<u>3,252</u>

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

	2025 HK\$'000	2024 HK\$'000
Depreciation of property, plant and equipment	2,537	4,866
Amortisation of intangible assets	–	229
Depreciation of right-of-use assets		
– Properties	100	440
– Factory	46	–
– Land use right	607	711
(Reversal of)/provision for impairment loss recognised in respect of trade receivables	(595)	1,727
Provision for impairment loss recognised in respect of other receivables	5,588	619
Provision for impairment loss recognised in respect of contract assets	11	5,484
Short term lease expenses	14	14
Provision for/(reversal of) impairment of inventories	456	(82)
Auditors' remuneration	950	1,000
Cost of inventories (<i>note (i)</i>)	<u>18,268</u>	<u>48,375</u>

- (i) Cost of inventories includes HK\$960,000 (2024: HK\$2,273,000) relating to staff costs and depreciation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 7(b) for each of these types of expenses.

8. TAXATION

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

	2025	2024
	HK\$'000	HK\$'000
Deferred income tax	<u>1,111</u>	<u>(1,086)</u>

The subsidiaries of the Group 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%. No provision for Hong Kong Profits Tax has been made as the subsidiaries of the Group did not derive any assessable profit from Hong Kong during the year (2024: Nil).

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 2025 (2024: 25%).

9. DISPOSAL OF A SUBSIDIARY

On 23 October 2024, an indirectly wholly owned subsidiary of the Company, Hebei Jiapin Technology Limited and Hebei Feilage Technology Co., Limited (the “Purchaser”) entered into a sale and purchase agreement (the “Sale and Purchase Agreement”) to sell the entire issued share of the subsidiary, Hebei Youlin Technology Co., Limited (the “Disposal Company”) to the Purchaser at a cash consideration of RMB28,010,000 (approximately HK\$29,903,000). Upon completion of disposal, the Group ceased to have any beneficial interest in the Disposal Company. The financial results of the Disposal Company was no longer consolidated into the consolidated financial statements of the Company.

All conditions in the Sale and Purchase Agreement have been fulfilled and the transaction was completed on 28 February 2025. The aggregate amounts of assets and liabilities attributable to the Group on the date of disposal were as follows:

HK\$'000

Total consideration:

Cash consideration received	29,903
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Analysis of assets and liabilities over which control was lost:

Property, plant and equipment	79,619
Investment properties	8,148
Right-of-use assets	30,450
Other non-current assets	431
Inventories	13,282
Trade and other receivables	10,361
Cash and cash equivalents	88
Trade and other payables*	(12,368)
Contract liabilities	(1,999)
Bank borrowings	(159,120)
Deferred income tax liabilities	(3,538)

Net liabilities disposed of	(34,646)
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Gain on disposal of a subsidiary

Cash consideration received	29,903
Less: Net liabilities disposed of	34,646

Gain on disposal	64,549
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Net cash inflow arising on disposal:

Cash consideration received	29,903
Cash at bank disposed of	(88)

Consideration received by cash	29,815
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* The disposal involved advances from shareholder amounting HK\$4,165,000.

10. EARNINGS/(LOSSES) PER SHARE

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

	2025	2024
Profit/(loss) (HK\$'000)		
Profit/(loss) for the purpose of calculating the basic and dilutive earnings per share	36,279	(38,615)
Numbers of shares ('000)		
Weighted average number of ordinary shares in issue	262,473	262,473
Earnings/(losses) per share (HK cents)		
Basic and dilutive (HK cents)	<u>13.82</u>	<u>(14.71)</u>

There were no potential dilutive ordinary shares outstanding during the years ended 31 March 2025 and 31 March 2024.

11. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables due from third parties	2,331	25,421
Less: Loss allowance	<u>(84)</u>	<u>(7,135)</u>
	<u>2,247</u>	<u>18,286</u>
Prepayments, deposits and other receivables:		
– Prepayments for purchase of inventories	13	2,784
– Receivable for trading of other goods	4,286	7,691
– Others (note)	<u>150</u>	<u>135</u>
	<u>4,449</u>	<u>10,610</u>
Less: Loss allowance	<u>(4,286)</u>	<u>(1,380)</u>
	<u>163</u>	<u>9,230</u>
Trade and other receivables	<u>2,410</u>	<u>27,516</u>

Note: The amounts mainly represent rental deposit of HK\$150,000 (2024: 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:

	2025 HK\$'000	2024 <i>HK\$'000</i>
Within 30 days	2,247	6,652
31 to 60 days	–	6,266
61 to 90 days	–	1,001
91 to 180 days	–	4,367
	<u>2,247</u>	<u>18,286</u>

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

12. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 <i>HK\$'000</i>
Trade payables:		
– Amounts due to third parties (<i>note (i)</i>)	<u>1,606</u>	<u>2,571</u>
Other payables and accrued expenses:		
Recognised at amortised cost		
– Payables for staff related costs	279	3,954
– Payables for acquisition of property, plant and equipment	3,697	4,759
– Interest payables	–	415
– Other tax payables	215	2,464
– Other accruals and payables	2,088	1,130
– Accrued directors' emoluments	284	43
– Advances from shareholders (<i>note (ii)</i>)	<u>13,808</u>	<u>53,922</u>
	<u>21,977</u>	<u>69,258</u>

Notes:

- (i) All of the trade and other payables at 31 March 2025 and 2024 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:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	1,550	1
31 to 60 days	—	—
61 to 90 days	48	288
Over 90 days	8	2,282
	1,606	2,571

- (ii) Advances from shareholders are unsecured, non-interest bearing and repayable on demand.

13. DIVIDENDS

The directors of the Company do not recommend the payment of a final dividend for the years ended 31 March 2025 and 2024.

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 2025.

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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

In 2023, a significant portion of the Group’s orders had been placed prior to the full effects of the property market downturn becoming apparent. Additionally, some orders were expedited for completion following the relaxation of COVID-19 lockdown measures and the return to normalcy in later half of 2023. As a result, the Group’s revenue for the year ended 31 March 2023 amounted to approximately HK\$12.5 million, increasing significantly to around HK\$63.1 million for the year ended 31 March 2024. However, as property developers adjusted their project pipelines in response to market conditions, the effects of reduced demand for new construction began to manifest later on. Order size from the customers have been reduced which have caused the decrease in the revenue of the Group for the year ended 31 March 2025 by approximately 66.4% to approximately HK\$21.2 million comparing to the previous year (2024: approximately HK\$63.1 million).

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

FINANCIAL REVIEW

Revenue

During the year ended 31 March 2025, the Group recorded revenue of approximately HK\$21.2 million, representing an approximately 66.4% decrease comparing to the previous year (2024: approximately HK\$63.1 million). The reason for the decrease in the revenue has been disclosed in the section headed “BUSINESS REVIEW” of “Management Discussion and Analysis” of this announcement.

Gross profit

The gross profit for the year decreased by approximately 79.6% to approximately HK\$3.0 million (2024: approximately HK\$14.7 million). The decrease was mainly due to decrease in revenue caused by decreased demand for the wooden products.

Profit/loss for the year

During the year ended 31 March 2025, the Group recorded a profit of approximately HK\$36.3 million, compared to a loss of approximately HK\$38.6 million for the year ended 31 March 2024.

The change was mainly due to i) the change in other gains by approximately HK\$6.7 million to approximately HK\$1.1 million (2024: other losses of approximately HK\$5.6 million); ii) the recognition of gain on disposal of a subsidiary of approximately HK\$64.5 million (2024: HK\$nil); iii) the decrease in administration expenses by approximately HK\$4.6 million to approximately HK\$15.1 million for the year ended 31 March 2025 (2024: approximately HK\$19.7 million); iv) the decrease in impairment losses on non-current assets by approximately HK\$12.3 million to HK\$nil (2024: approximately HK\$12.3 million); and v) the decrease in finance cost by approximately HK\$1.3 million to approximately HK\$13.7 million (2024: approximately HK\$15.0 million) following the disposal of the subsidiary with bank borrowings which was completed in February 2025. Such change was offset by the decrease in gross profit by approximately HK\$11.7 million to approximately HK\$3.0 million for the year ended 31 March 2025 (2024: approximately HK\$14.7 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 2025, 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.

As at 31 March 2025, the Group maintained cash and cash equivalents amounting to approximately HK\$2.9 million (as at 31 March 2024: approximately HK\$1.0 million). The Group recorded net current liabilities of approximately HK\$15.4 million as at 31 March 2025 (as at 31 March 2024: net current liabilities of approximately HK\$14.5 million).

As at 31 March 2025, the Group's total bank borrowings, all being denominated in Renminbi amounted to approximately HK\$nil (as at 31 March 2024: approximately HK\$161.5 million).

As at 31 March 2025, 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 2025, the Group's gearing ratio (calculated by dividing total liabilities by total assets as at the end of financial year) was approximately 83.9% (as at 31 March 2024: approximately 115.8%).

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2025, the Group did not have any charge on its assets.

CONTINGENT LIABILITIES

As at 31 March 2025, there were no significant contingent liabilities for the Group.

CAPITAL COMMITMENTS

As at 31 March 2025, 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 2024: approximately HK\$nil).

SIGNIFICANT INVESTMENT

During the year ended 31 March 2025, the Group did not have any significant investment (2024: 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 2025, the Group had a total of 14 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. The Share Option Scheme expired on 23 February 2025. As of 31 March 2025, 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 2025 and up to the date of this announcement.

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

During the year ended 31 March 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

FUTURE PROSPECTS

Looking forward to year 2025, China's economy will still face challenges such as insufficient domestic demand, intensified trade friction and global economic uncertainty. In order to ensure stable economic growth, it is expected that the Chinese government will introduce more targeted policies.

After launching a comprehensive package of monetary policies on 24 September 2024, which was regarded as supporting measures to the stock and property market in the PRC, the Chinese government cut the required reserve ratio and lowered the policy rate again in early May this year, which is expected to further activate market demand. It is expected that China will continue to maintain a moderately loose monetary policy and provide reasonable and sufficient liquidity support to the market through various tools. With the expectation of the turnaround of the property market, the orders from customers and the revenue of the Group are also expected to be increased.

The growing emphasis on environmental sustainability in the PRC could generate new demand for the Group's wooden products. Wood is a renewable resource with a lower carbon footprint compared to materials like steel and concrete. Wooden structures and building components are favoured in many projects for their energy efficiency, natural insulation properties, and reduced environmental impact.

The Group has been striving for enriching its product categories and will apply more resources to research and development and sourcing on different types of wooden products. It may help the Group to expand its market share and cater for the needs of different consumers. The Group will also continue to explore potential opportunities for strategic cooperation with market players, in the mid-stream to downstream of the industry value chain to further expand the Group's wood-related business.

The Group has strived its best in seeking other potential business development for the Group, including any possible expansion in the production capacity or diversification in the distribution channels of trading. The Directors believe that the Group's business performance will gradually recover and the Group is in a more advantageous position to further develop and expand its market and products than the small-scale local enterprises.

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 2025, 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 2025 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, 27 June 2025

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.

This announcement, for which the Directors of 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 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.

This announcement will remain on the Stock Exchange's website 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.