



STEED ORIENTAL (HOLDINGS) COMPANY LIMITED

駿東(控股)有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8277

Third Quarterly Report 2014

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.

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This report, for which the directors (the “Directors”) of Steed Oriental (Holdings) Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the issuer. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

The board of directors of the Company (the “Board”) is pleased to present the unaudited condensed combined results of the Company and its subsidiaries (collectively, the “Group”) for the nine months ended 31 December 2014, together with comparative unaudited figures for the corresponding periods in 2013 as follows:

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

For the nine months ended 31 December 2014

		(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	NOTES	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Continuing operations					
Revenue	4	84,029	68,374	254,990	225,055
Cost of goods sold		(71,688)	(57,998)	(221,143)	(193,750)
Gross profit		12,341	10,376	33,847	31,305
Other income		82	–	398	19
Other gains (losses)		202	(709)	1,491	(1,427)
Selling and distribution expenses		(2,423)	(1,951)	(7,067)	(6,550)
Administrative expenses		(5,729)	(5,317)	(14,995)	(14,190)
Listing expenses		–	–	(1,200)	(8,500)
Finance costs		(182)	(181)	(832)	(575)
Profit before taxation		4,291	2,218	11,642	82
Taxation	5	(800)	(858)	(3,359)	(2,850)
Profit (loss) for the period from continuing operations		3,491	1,360	8,283	(2,768)
Discontinued operation					
Loss for the period from discontinued operation	7	–	(907)	–	(3,145)
Profit (loss) for the period		3,491	453	8,283	(5,913)
Other comprehensive (expense) income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translating foreign operations		(345)	(160)	122	8
Fair value gain (loss) on available-for-sale investments		53	(27)	126	(114)
Other comprehensive (expense) income for the period		(292)	(187)	248	(106)
Total comprehensive income (expense) for the period		3,199	266	8,531	(6,019)

		(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
NOTES		2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Profit (loss) for the period attributable to owners of the Company:					
– from continuing operations		3,491	1,360	8,283	(3,722)
– from discontinued operation		–	(907)	–	(3,077)
		3,491	453	8,283	(6,799)
Profit (loss) for the period attributable to non-controlling interests:					
– from continuing operations		–	–	–	954
– from discontinued operation		–	–	–	(68)
		–	–	–	886
		3,491	453	8,283	(5,913)
Total comprehensive income (expense) for the period attributable to:					
Owners of the Company		3,199	266	8,531	(6,921)
Non-controlling interests		–	–	–	902
		3,199	266	8,531	(6,019)
Earnings per share	8	N/A	N/A	N/A	N/A

UNAUDITED CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2014

	Attributable to owners of the Company					Non-controlling interests	
	capital HK\$'000	Other reserve HK\$'000 (Note)	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated (losses) profits HK\$'000	Total HK\$'000	Total HK\$'000
At 1 April 2014 (audited)	790	7,223	(104)	(645)	(5,409)	1,855	1,855
Profit for the period	-	-	-	-	8,283	8,283	8,283
Exchange differences on translation	-	-	-	122	-	122	122
Fair value gain on available-for-sale investments	-	-	126	-	-	126	126
Other comprehensive income for the period	-	-	126	122	-	248	248
Total comprehensive income for the period	-	-	126	122	8,283	8,531	8,531
At 31 December 2014 (unaudited)	790	7,223	22	(523)	2,874	10,386	10,386
At 1 April 2013 (audited)	780	17,530	(39)	(128)	8,355	26,498	27,349
(Loss) profit for the period	-	-	-	-	(6,799)	(6,799)	(5,913)
Exchange differences on translation	-	-	-	(8)	-	(8)	8
Fair value loss on available-for-sale investments	-	-	(114)	-	-	(114)	(114)
Other comprehensive (expense) income for the period	-	-	(114)	(8)	-	(122)	(106)
Total comprehensive (expense) income for the period	-	-	(114)	(8)	(6,799)	(6,921)	(6,019)
Issue of shares	10	-	-	-	-	10	10
Deemed acquisition of addition interest in a subsidiary	-	1,912	-	-	-	1,912	-
At 31 December 2013 (unaudited)	790	19,442	(153)	(136)	1,556	21,499	21,340

Note: The other reserve of the Group as at 31 December 2014 represents the aggregate of (i) deemed capital contribution from Ms. Wong Sut Keng, a director of the Company, arising from waiver of an amount due to her amounted to HK\$1,543,000 during the year ended 31 March 2013; (ii) the issue of shares in excess of par relating to the acquisition of Green Global Bioenergy Limited ("Green Global") and its subsidiary (collectively, the "Green Global Group") from an independent third party amounted to HK\$15,987,000 during the year ended 31 March 2013; (iii) the effect of deemed acquisition of non-controlling interests in Million Champ Trading Limited ("Million Champ Trading") and 江門市昌達木業有限公司 (Jiangmen Changda Wood Products Co., Ltd. for identification only) ("Jiangmen Changda"), by allotment and issue of 999,900 shares by Million Champ Trading to the Company at par value, amounted to HK\$1,912,000 being the carrying amount of 48.99% of the net assets of Million Champ Trading and Jiangmen Changda, during the year ended 31 March 2014; and (iv) after deducting the net assets value of Green Global Group attributable to owners of the Company of HK\$12,219,000 distributed to the then shareholders of CD Enterprises Company Limited ("CD Enterprises") before completion of the Group's reorganisation ("Group Reorganisation") on 9 February 2015.

NOTES TO THE CONDENSED COMBINED FINANCIAL STATEMENTS

For the nine months ended 31 December 2014

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.

The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business is located at 11th Floor, Prosperity Industrial Building, 89 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong. The shares of the Company were listed on GEM on 23 February 2015 (the "Listing Date").

The Company is an investment holding company. The Group is principally engaged in sourcing, manufacturing and sale of plywood products. The unaudited condensed combined financial statements are presented in Hong Kong dollars ("HK\$"), while the functional currency of the Company is United States dollars.

2. BASIS OF PRESENTATION

To effect the Group Reorganisation on 9 February 2015, each of the investment holding companies owned by Mr. Huang Dong Sheng ("Mr. Huang"), Ms. Wong Sut Keng (elder sister of Mr. Huang) and Ms. Wong Hang Kuen (younger sister of Mr. Huang) (collectively referred to as the "Huang's Family") and the 9 individual shareholders of Duke Glory Investment Limited, who were the then beneficial shareholders of Green Global, transferred their respective shareholdings in CD Enterprises to the Company in consideration of the allotment and issuance of the Company's shares. Upon completion of the transfer, the Company became the holding company of the Group on 9 February 2015. Details of the Group Reorganisation are set out in the section headed "History and Development" in the listing prospectus of the Company dated 12 February 2015 (the "Prospectus").

The Group resulting from the Group Reorganisation, which involves interspersing the Company between CD Enterprises and the then shareholders of CD Enterprises, is regarded as a continuing entity. Accordingly, the combined statement of profit or loss and other comprehensive income for the nine months ended 31 December 2013 and 31 December 2014 together with the three months ended 31 December 2013 and 31 December 2014 respectively have been prepared to include the results and cash flows of the companies now comprising the Group as if the group structure upon the completion of the Group Reorganisation had been in existence throughout the period, or since their respective dates of incorporation or establishment where this is a shorter period.

3. BASIS OF PREPARATION

The unaudited condensed combined financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the unaudited condensed combined financial statements include applicable disclosures required by the GEM Listing Rules.

The accounting policies adopted in preparing the unaudited condensed combined financial statements for the periods are consistent with those followed in the preparation of the Prospectus. The condensed combined financial statements are unaudited, but have been reviewed by the audit committee of the Company.

The Group has adopted all of the new and revised standards, amendments and interpretations which are relevant to its operations and effective for the accounting periods beginning on or after 1 April 2014. The adoption of these new and revised standards, amendments and interpretation does not have significant impact on the accounting policies of the Group, and the amounts reported for the current period and prior periods.

The Group has not early adopted the new and revised standards that have been issued but are not yet effective. The Directors anticipate that the application of the new and revised standards will have no material impact on the results and financial position of the Group.

4. TURNOVER

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

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
General plywood	70,781	60,901	218,507	197,634
Packing plywood	7,312	5,281	22,668	18,350
Structural panel	356	708	1,805	1,598
Floor base	5,359	1,199	11,108	5,792
Others	221	285	902	1,681
	84,029	68,374	254,990	225,055

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

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Japan	76,520	59,318	228,536	179,012
Thailand	2,619	3,981	12,140	19,509
South Korea	558	–	558	14,511
Hong Kong	2,402	3,747	8,054	8,611
Other countries	1,930	1,328	5,702	3,412
	84,029	68,374	254,990	225,055

5. TAXATION

Continuing operations

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Current tax				
Hong Kong Profits Tax	380	78	1,130	266
People's Republic of China (the "PRC") Enterprise Income Tax ("EIT")	287	681	1,903	2,249
	667	759	3,033	2,515
Deferred taxation				
Charge for the period	133	99	326	335
	800	858	3,359	2,850

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the periods.

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

6. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2014.

7. DISCONTINUED OPERATION

As part of the Group Reorganisation, the directors of CD Enterprises passed a resolution on 28 February 2014 to declare a payment of dividend to be satisfied by way of distribution in specie of the entire equity interest of Green Global to the then shareholders of CD Enterprises. The distribution in specie was completed on 28 February 2014 and the net assets of the Green Global Group at the date of distribution were HK\$12,061,000.

The Green Global Group carried out the Group's eucalyptus plantation project and the loss from the eucalyptus plantation project for the periods is set out below.

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Loss of the eucalyptus plantation project for the period	N/A	(907)	N/A	(3,145)

Lao People's Democratic Republic (the "Lao PDR") Profits Tax is calculated at 24% on the estimated assessable profits for the periods. No provision for the Lao PDR Profits Tax has been made as the Green Global Group did not have any assessable profit for the periods.

The results of the eucalyptus plantation project which have been included in the combined statement of profit or loss and other comprehensive income, were as follows:

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Administrative expenses	N/A	(734)	N/A	(2,625)
Other expenses	N/A	(173)	N/A	(520)
Loss for the period	N/A	(907)	N/A	(3,145)

Loss for the period from discontinued operation includes the following:

	(Unaudited) Three months ended 31 December		(Unaudited) Nine months ended 31 December	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Other staff costs	N/A	65	N/A	194
Retirement benefit schemes contributions	N/A	2	N/A	2
	N/A	67	N/A	196
Amortisation of intangible assets	N/A	173	N/A	520
Depreciation of property, plant and equipment	N/A	15	N/A	45
Operating lease rental in respect of rental premises	N/A	100	N/A	400

8. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, as it is not considered meaningful with regard to the Group Reorganisation and the results for the periods that is on a combined basis as set out in note 2.

MANAGEMENT DECISIONS AND ANALYSIS

BUSINESS REVIEW

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

The Company was successfully listed on GEM of the Stock Exchange on 23 February 2015. The proceeds received have strengthened the Group's cash flow and the Group will implement its future plans according to the schedule set out in the Prospectus.

During the nine months ended 31 December 2014, we have successfully obtained the land use right certificate for a parcel of land in Dong Mu Shan Industrial Park, Du Ruan Town, Pengjiang District, Jiangmen City, Guangdong Province, PRC with a site area of approximately 30,004.9 square meters for a term of 50 years expiring on 5 February 2064. We believe that it is for the long-term interest of the Group to construct our own production plant and reduce our reliance on the leased production plant. We consider that the expansion of the new production plant and the subsequent increase in our production capacity will enable us to meet client's demand for our plywood products and sustain our business growth.

FINANCIAL REVIEW

Revenue

During the nine months ended 31 December 2014, our Group recorded a revenue of approximately HK\$254,990,000, representing a 13.3% increase comparing to the same period in 2013. The increase was mainly attributable to an increase in orders received from our existing customers following the rapid recovery of economic environment in Japan.

Gross profit

Our gross profit margin slightly decreased from approximately 13.9% for the nine months ended 31 December 2013 to approximately 13.3% for the nine month ended 31 December 2014. Such decrease was mainly due to the increase in raw material price of veneers comparing to the corresponding period.

Profit from continuing operations

The profit from continuing operations for the current period is significantly increased from a loss of approximately HK\$2.8 million in prior period to a profit of approximately HK\$8.2 million. This increase is mainly resulted by the followings:

- (i) we recorded other gains of approximately HK\$1.5 million for the current period primary due to the fair value gain in derivative financial instruments as compared to other losses of approximately HK\$1.4 million for the comparative period. The fair value gain on derivative financial instruments was primarily due to the exercise of foreign currency forward contract and the derecognition of derivative financial instruments liability.

- (ii) we incurred approximately HK\$8.5 million on the preparation for the listing during the nine months ended 31 December 2013, while only approximately HK\$1.2 million listing expense was incurred during the nine months ended 31 December 2014.

SHARE CAPITAL

As at the Listing Date, the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each and the issued share capital of the Company was HK\$2,000,000 divided into 200,000,000 shares of HK\$0.01 each.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2014, the Group's trade receivables of approximately HK\$8,555,000 (at 31 December 2013: approximately HK\$5,988,000) were pledged to secure export bills discounted with full recourse.

CONTINGENT LIABILITIES

As at 31 December 2014, there were no significant contingent liabilities for the Group.

CAPITAL COMMITMENT

As at 31 December 2014, there were no significant capital commitments for the Group.

PROSPECT

The Company was listed on the GEM of the Stock Exchange on 23 February 2015. The funds raised from the Listing have laid a solid foundation for the future development of the Group. We intend to apply the funds raised from the Listing as to (i) approximately 55.5% of the funds for the construction of a new production plant in the PRC; (ii) approximately 34.9% of the funds for the acquisition of machinery and equipment for the new production plant; and (iii) approximately 9.6% for working capital and other general corporate purpose.

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 m³ of plywood products. Our Directors will monitor the schedule of construction in the new production plant. We have also located other potential leased properties or seek further extension of permission to use the existing lease land by the relevant authority, in case of the construction of the new production plant is delayed. Our Company will commence its contingency plan prior to evacuate of the existing leased properties if there is any delay in the construction of the new production plant.

OTHER INFORMATION

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

The listing of the ordinary shares of the Company on GEM of the Stock Exchange took place on 23 February 2015 (the "Listing Date"). As at the Listing Date, the interests and short positions of the each of the Directors and the chief executive in shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of

the Securities and Futures Ordinance (the “SFO”), which were notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which he or she was taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the required standards of dealings by directors as referred to Rules 5.46 to 5.67 of GEM Listing Rules, or to be notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares of the Company

Name of Director	Number of ordinary share held, capacity and nature of interest			Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation	Total	
Mr. Huang Dong Sheng ¹	–	114,154,853 ⁴	114,154,853	57.08%
Ms. Wong Hang Kuen ²	–	114,154,853 ⁴	114,154,853	57.08%
Ms. Wong Sut Keng ³	–	114,154,853 ⁴	114,154,853	57.08%

Notes:

- (1) Mr. Huang Dong Sheng beneficially owns all the shares in MASTER GATE LIMITED (“Master Gate”), a company incorporated in the British Virgin Islands (“BVI”). Master Gate directly beneficially owned 45,661,941 shares in the Company.
- (2) Ms. Wong Hang Kuen beneficially owns all the shares in FOREVER ACES LIMITED (“Forever Aces”), a company incorporated in the BVI. Forever Aces directly beneficially owned 34,246,456 shares in the Company.
- (3) Ms. Wong Sut Keng beneficially owns all the shares in MAKING NEW LIMITED (“Making New”), a company incorporated in the BVI. Making New directly beneficially owned 34,246,456 shares in the Company.
- (4) Mr. Huang Dong Sheng, Ms. Wong Hang Kuen and Ms. Wong Sut Keng are siblings. Each of them is deemed to be interested in the ordinary shares of the Company held by Master Gate, Forever Aces and Making New respectively for the purpose of the SFO.

Save as disclosed above, as at the Listing Date, none of the Directors or chief executive of the Company or their respective associates (within the meaning of GEM Listing Rules) had any interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interest or short positions which he or she was taken or deemed to have under such provisions of the SFO), or which were recorded in the register kept by the Company under Section 352 of the SFO, or was required to notify to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Listing Date, so far as is known to the Directors, the following persons (other than Directors or chief executive of the Company) had interests and short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company

Name of Shareholder	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Master Gate	Beneficial Owner	45,661,941	22.83%
Forever Aces	Beneficial Owner	34,246,456	17.12%
Making New	Beneficial Owner	34,246,456	17.12%
Mr. Mung Kin Kong (<i>Note</i>)	Beneficial Owner	10,395,093	5.20%

Note: Mr. Mung Kin Kong is not related to each of Mr. Huang Dong Sheng, Ms. Wong Hang Kuen and Ms. Wong Sut Keng.

Save as disclosed above, as at the Listing Date, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION" above, had any interest or a short position in the shares or underlying shares of the Company would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPETING INTERESTS

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

PURCHASE, SALES OF REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the nine months ended 31 December 2014, save for the Group Reorganisation as disclosed in the Prospectus, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, New Spring Capital Limited, as at 31 December 2014, save for the compliance adviser agreement dated 9 February 2015 entered into between the Company and New Spring Capital Limited, neither New Spring Capital Limited, its directors, employees and associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

As the Company has not yet listed on the GEM of the Stock Exchange during the periods, the requirements under the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 15 of the GEM Listing Rules were not applicable to the Company for the periods. The Company has adopted the CG Code as its corporate governance practices since the Listing Date.

SHARE OPTION SCHEME

The Company conditionally approved and adopted a share option scheme on 9 February 2015 (“the Scheme”). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

Since the Scheme was adopted after 31 December 2014, no share option was outstanding as at 31 December 2014. As at the date of this report, there was no option granted under the Scheme.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group’s financial reporting matters to the Board.

As at the date of this report, the audit committee comprises three independent non-executive Directors, namely Mr. Yuen Kim Hung Michael (Chairman), Mr. Chan Kai Nang and Mr. Ho Chee Mun. The audit committee has reviewed the Group’s unaudited quarterly results for the nine months ended 31 December 2014.

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

Hong Kong, 20 March 2015

As at the date of this report, 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.