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

Annual Report 2025

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This 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 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 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.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Li Yue *(Chairman)*
Mr. Xue Zhao Qiang *(Chief Executive Officer)*

Non-executive Director
Mr. Ding Hongquan

Independent non-executive Directors
Mr. Wang Wei
Ms. Dong Ping
Mr. Zhu Da

AUDIT COMMITTEE MEMBERS

Mr. Zhu Da *(Chairman)*
Ms. Dong Ping
Mr. Wang Wei

NOMINATION COMMITTEE MEMBERS

Mr. Wang Wei *(Chairman)*
Ms. Dong Ping
Mr. Zhu Da

REMUNERATION COMMITTEE MEMBERS

Ms. Dong Ping *(Chairman)*
Mr. Zhu Da
Mr. Wang Wei

COMPLIANCE OFFICER

Mr. Li Yue

COMPANY SECRETARY

Mr. Chan Yuk Hiu Taylor

AUTHORISED REPRESENTATIVES

Mr. Li Yue
Mr. Chan Yuk Hiu Taylor

AUDITOR

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre,
111 Connaught Road Central,
Hong Kong

REGISTERED OFFICE

Cricket Square,
Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 1311, 13/F., Olympia Plaza,
255 King's Road,
North Point,
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square,
Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F.,
Far East Finance Centre,
16 Harcourt Road,
Hong Kong

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

COMPANY'S WEBSITE

www.steedoriental.com.hk

STOCK CODE

8277

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)") of Steed Oriental (Holdings) Company Limited (the "Company"), I am pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2025.

PERFORMANCE

The business environment in which the Group operates remains to be challenging and tough during the year ended 31 March 2025. The Group's current product mix mainly includes the structural panels, supplementary materials used in construction and other wooden products such as wooden structural components, wooden doors and windows and wooden furniture.

For the year ended 31 March 2025, the Group's revenue decreased by approximately 66.4% to approximately HK$21.2 million (2024: approximately HK$63.1 million). 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 adjust their project pipelines in response to market conditions, the effects of reduced demand for new construction begin to manifest later on. Order size from the customers have been reduced which have caused the decrease of the revenue of the Group for the year ended 31 March 2025 comparing to the previous year. The gross profit decreased by approximately 79.6% to approximately HK$3.0 million for the year ended 31 March 2025 (2024: approximately HK$14.7 million). After recognising a gain on disposal of a subsidiary for an amount of approximately HK$64.5 million, the Group recorded a profit of approximately HK$36.3 million for the financial year ended 31 March 2025, compared to a loss of approximately HK$38.6 million for the year ended 31 March 2024.

The Board does not recommend payment of a final dividend for the year ended 31 March 2025.

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.

The Board will maintain the Group's existing principal activities in the sourcing, manufacturing and sale of wooden products, and will review the Group's business and operations and continue to seek new business opportunities to enhance and strengthen the business of the Group. The Board may consider to make any changes that it deems necessary or appropriate to the Group's businesses and operations to enhance the value of the Group.

WORDS OF THANKS

On behalf of the Company, I would like to express my gratitude to our shareholders and business partners for their support and to the management and staff for their unwavering dedication and contribution to the Group's development. I believe we can create a bright future with our concerted effort.

Li Yue
Chairman and Executive Director

Hong Kong, 27 June 2025

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 adjust their project pipelines in response to market conditions, the effects of reduced demand for new construction begin 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 report.

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.

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Li Yue, aged 54, completed a two-year professional course in Accounting at the Hebei University of Economics and Business* (河北經貿大學) (formerly known as Hebei Finance and Economics School* (河北財經學校)) in June 1992. He obtained his bachelor's degree in law from Hebei University in July 2003. In January 2012, Mr. Li obtained a master's degree in economics from Hebei University.

From June 1992, he worked for Bank of Communications Hebei Branch and left as the president of the Central Sub-branch of Bank of Communications Hebei Branch in July 2002. From July 2002 to February 2006, he worked as a vice president of China Everbright Bank Shijiazhuang Branch. From February 2006 to September 2010, he served as a chief executive of Hebei Nongjin Investment Guarantee Company Limited* (河北省農金投資擔保有限公司). From September 2010 to May 2013, he served as a vice president of Bank of East Asia Shijiazhuang Branch. Since May 2013, he works as a chief executive officer of Hebei Jieming Investments Company Limited* (河北傑明投資有限公司), a company principally engaged in conducting investment activities which are not restricted or prohibited according to the laws of the People's Republic of China. Mr. Li also holds the directorship in Access Well Limited, Lead Access International Holdings Limited, Global Sino Rich Limited, Leading Effort Group Limited and Ace View International Limited, which are wholly-owned subsidiaries of the Company. Mr. Li is also the uncle of Ms. Sun Xue Song, the existing substantial shareholder of the Company and the director of Hebei Wanjialai Technology Company Limited* (河北萬佳萊科技有限公司) which is a wholly owned subsidiary of the Company.

Xue Zhao Qiang, aged 51, is the chief executive officer and was first appointed as an executive Director on 12 August 2016. He completed a three year architecture professional course offered by Hebei University of Engineering* (河北工程大學科信學院) in June 1995 and since January 2010, is the chairman of Hebei Handan City Hejin Real Estate Development Company Limited* (河北邯鄲市合金房地產開發有限公司), which develops and operates real-estate properties. He previously had been selected as the deputy to the People's Congress of the People's Republic of China of Handan City in the 14th session.

NON-EXECUTIVE DIRECTOR

Ding Hongquan, aged 53, before his re-designation as a non-executive Director on 6 March 2018, was first appointed as an independent non-executive Director on 12 August 2016. He completed a professional course in Taxation at the Hebei Cadre Academy of Economic Management* (河北經濟管理幹部學院) in July 1991. In July 2000, he completed a two-year postgraduate course in the Communist Party of China Hebei Provincial Committee Party School* (中共河北省委黨校).

Mr. Ding is the director and the vice-chairman of Heibei Offshore Listed Equity Investment Fund Company Limited* (河北境外上市股權投資基金有限公司) from October 2015 to June 2019 and from May 2017 to June 2019 respectively. He is also currently the deputy general manager of Zhongcai Financial Holding Investment Limited* (中財金控投資有限公司) since October 2018. Mr. Ding has extensive experience in PRC tax.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Wang Wei, aged 41, was first appointed as an independent non-executive Director on 6 March 2018. He obtained his bachelor's degree in international economy and trading in Hebei Agricultural University (河北農業大學) in June 2006 and completed the postgraduate courses in laws provided by China University of Political Science and Law (中國政法大學) in June 2010. From August 2008 to December 2012, Mr. Wang served in the investment department and subsequently in the Beijing Representative Office (駐京辦) of Hebei Province Information Industry Investment Company Limited* (河北省信息產業投資有限公司). Since July 2014, Mr. Wang works as the general manger in Xin Yue Teng Xiang Investment Fund Management (Beijing) Company Limited* (鑫躍騰祥投資基金管理(北京)有限公司). Since April 2023, he joined Ruifeng Power Group Company Limited as the director of investor relations.

Mr. Wang is the chairman of the nomination committee of the Company and a member of the audit committee and remuneration committee of the Company.

Dong Ping, aged 68, was first appointed as an independent non-executive Director on 12 August 2016. She completed a three-year professional course in English language in December 1979 in Jiangxi Normal College (presently known as Jiangxi Normal University) (江西師範大學) ("Jiangxi Normal University"). Ms. Dong obtained a certificate of study at the Beijing English Language Centre of the Institute of International Economic Management in cooperation with the University of California at Los Angeles China Exchange Program in April 1984. She had completed a course of instruction in Enterprise Management Development Programme in November 1992 which was provided by the British Government as part of its Technical Co-operation Training arrangements. She completed a postgraduate course at the University of Liaoning* (遼寧大學) in June 1999. In November 1997, she obtained a certificate of senior economist issued by the Department of Personnel of Guangdong Province* (廣東省人事廳). In June 2000, she obtained a master's degree in management from Dongbei Agricultural University* (東北農業大學). She also obtained a doctor of philosophy in economic studies at the Zhongnan University of Economics and Law* (中南財經政法大學) in June 2006.

Prior to joining the Company, she worked in the finance department of Jiangxi Province International Trust Investment Company Limited* (江西省國際信託投資公司) until 1990. She then worked in Shenzhen Development Bank (深圳發展銀行) since 1990 and was promoted to vice manager of the international business department in March 1994. In August 2000, she joined the Shenzhen branch of China Everbright Bank (中國光大銀行) as vice president. She retired in 2012 and she currently does not hold any positions in any companies.

Ms. Dong is the chairman of the remuneration committee of the Company and a member of the audit committee and nomination committee of the Company.

Zhu Da, aged 37, was first appointed as an independent non-executive Director on 12 August 2016. He completed a business professional course at Portobello College, Dublin and Griffith College, Dublin and received a bachelor's degree of arts in accounting and finance from Higher Education and Training Awards Council, Ireland in July 2011. From July 2011 to March 2012, he was a project manager in the asset management department of Hebei Guofu Agricultural Investment Group Limited* (河北省國富農業投資集團有限公司). He joined KPMG Huazhen LLP in Beijing in April 2012 and was later seconded to work in KPMG in Hong Kong as an assistant manager from November 2013 to March 2015. Mr. Zhu was a business manager and financial manager of Huajin Investment Company Limited during the period form March 2015 to July 2016. From December 2016 to April 2018, he was an assistant financial officer of Hebei Zhonghongji Catering Management Company Limited* (河北中鴻記餐飲管理有限公司). From April 2018 to July 2022, Mr. Zhu served as a senior investment manager of Glory Capital Management (Beijing) Limited* (光榮資產管理(北京)有限公司). Since August 2022, Mr. Zhu joined Gongqingcheng Sheng Heng Investment Management Co., Limited* (共青城勝恒投資管理有限公司) as a senior researcher.

Mr. Zhu is the chairman of the audit committee of the Company and a member of the remuneration committee and nomination committee of the Company.

COMPANY SECRETARY

Chan Yuk Hiu Taylor, aged 47, is the financial controller and company secretary of the Company. Mr. Chan obtained an Honours Diploma in Accounting from Hong Kong Shue Yan College (currently known as Hong Kong Shue Yan University) and a Master Degree of Professional Accounting from the Hong Kong Polytechnic University. Mr. Chan was an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Prior to joining the Group, Mr. Chan has acquired various accounting, auditing and company secretarial work experience from both certified public accountants firms and listed companies. Mr. Chan has over 20 years of experience in accounting and auditing.

COMPLIANCE OFFICER

Li Yue was appointed as an executive Director and the compliance officer of the Company on 26 January 2024. His biographical details and professional qualifications are set out on page 10 of this report.

* *For identification purpose only*

Corporate Governance Report

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.

DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code") as its own code governing securities transactions of the Directors. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code during the year ended 31 March 2025.

BOARD OF DIRECTORS

All the Directors (including the independent non-executive Directors) have acquired a proper understanding of the Company's operation and business and are fully aware of his/her functions and responsibilities under statute and common law, the GEM Listing Rules and other applicable legal and regulatory requirements. Every Director has given the Company the details on the number and nature of their offices held in other companies and significant commitments at the time of his/her appointment.

The Board is responsible for the leadership and control of the Group and collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, authorising the development plan and budget, monitoring financial and operating performance, reviewing the effectiveness of the internal control system, supervising and managing management's performance of the Group, determining the policy for the corporate governance of the Company and performing duties under code provision A.1.1 of the CG Code and setting the Group's values and standards. Though the Board delegates the day-to-day management, administration and operation of the Group to management, all the Directors continue to give sufficient time and attention to the Company's affairs. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

BOARD COMPOSITION

The Board currently comprises six Directors, of which two are executive Directors, one is a non-executive Director, and three are independent non-executive Directors. The information (including gender and term of appointment) of the member of the Board is as follows:

Member	Gender	Term of appointment
Mr. Li Yue	Male	1 Year and 2 months
Mr. Xue Zhao Qiang	Male	8 years and 7 months
Mr. Ding Hongquan	Male	8 years and 7 months
Mr. Wang Wei	Male	7 years
Ms. Dong Ping	Female	8 years and 7 months
Mr. Zhu Da	Male	8 years and 7 months

The biographical details of each Director are set out in the section "Directors and Senior Management Profile" on pages 10 to 11 of this report.

Code provision C.5.1 of the CG Code provides the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. During the year ended 31 March 2025, four Board meetings were held. The Group's audited consolidated annual results for the year ended 31 March 2024, establishment of a joint venture company of the Group, disposal of an indirectly wholly-owned subsidiary of the Company together with the signing of a tenancy agreement, and unaudited consolidated interim results for the six months ended 30 September 2024, together with other corporate transactions which required discussions at Board meetings level during the year ended 31 March 2025 have been reviewed and discussed amongst the Directors at the full Board meetings and/or by way of circulation of written resolutions. Together with the circulation of written materials to keep the Board informed throughout the year ended 31 March 2025, sufficient measures had been taken to ensure that there was efficient communication among the Directors, including the independent non-executive Directors. During the year ended 31 March 2025, four Board meetings were held and the attendance records of individual Directors are set out below:

Name of Directors	Number of Board meetings attended/ Number of meetings
Executive Directors	
Mr. Li Yue *(Chairman)*	4/4
Mr. Xue Zhao Qiang *(Chief Executive Officer)*	4/4
Non-executive Director	
Mr. Ding Hongquan	4/4
Independent non-executive Directors	
Mr. Wang Wei	4/4
Ms. Dong Ping	4/4
Mr. Zhu Da	4/4

None of the Directors attended the above meetings by his/her alternate.

Appropriate notices are given to all Directors in advance for attending regular and other Board meetings. Meeting agendas and other relevant information are provided to the Directors in advance of Board meetings. All Directors are consulted to include additional matters in the agenda for Board meetings.

All Directors have access to the advice and services of the company secretary of the Company (the "Company Secretary") with a view to ensuring that Board procedures, and all applicable rules and regulations, are followed, and has the liberty to seek independent professional advice if required.

Both draft and final versions of the minutes are sent to all Directors for their comment and records. Minutes of Board meetings are kept by the Company Secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Director.

Each of the independent non-executive Directors had made a confirmation of independence by reference to Rule 5.09 of the GEM Listing Rules and the Board is satisfied that all the independent non-executive Directors were independent and met the independent guidelines set out in Rule 5.09 of the GEM Listing Rules since the date of their respective appointments, up to the date of this report.

APPOINTMENT, RE-ELECTION AND RETIREMENT OF THE DIRECTORS

In accordance with article 83 of the articles of association (the "Articles") of the Company, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting ("AGM") of the Company and shall then be eligible for re-election. In accordance with article 84 of the Articles, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years.

Pursuant to article 84 of the Articles, Mr. Xue Zhao Qiang, an executive Director, and Ms. Dong Ping, an independent non-executive Director, would retire from office by rotation and, being eligible, would offer themselves for re-election as Directors at the AGM.

CHAIRMAN AND CHIEF EXECUTIVE

According to the code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Currently, Mr. Li Yue, the Chairman of the Company, is responsible for the overall strategic planning and corporate policies as well as overseeing the operations of the Group. The day-to-day operations of the Group are delegated to Mr. Xue Zhao Qiang, the Chief Executive Officer of the Company, and the management responsible for different aspects of the business. As such, the roles of the Chairman and the chief executive of the Company are separate and are not performed by the same individual.

BOARD DIVERSITY POLICY

In order to achieving a sustainable and balanced development, the Company considers the enhancement of diversity at the Board level as an essential element in facilitating the achievement of its strategic objectives and sustainable development. In deciding the Board composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard to the benefits of diversity to the board. The selection of candidates will be based on a range of diverse perspectives, including but not limited to, gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be based upon the merits and contribution the selected candidates will bring to the Board.

The Board has set measurable objectives (in terms of gender, skills and professional experience, etc. as aforementioned) to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. In particular, in accordance with the requirements under the CG Code, the Company has set an initial target of appointing at least one director of a different gender to the Board and has achieved such target since August 2016 when Ms. Dong Ping was appointed as an independent non-executive Director. Currently, the gender diversity of the Board is at approximately 16.7% (1 female out of 6 Directors). The Nomination Committee and the Board will review the Board's target gender diversity ratio from time to time and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified. Further, the Board currently consists of members with different professional backgrounds (including real estate industry, investment, finance, accounting, capital market, corporate governance and management) and from different age groups (from 30's to 60's). Accordingly, the Nomination Committee considers that the current composition of the Board is characterised by diversity (including gender diversity) after taking into account its own business model and specific needs, whether considered in terms of professional experience or skills.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time. The Nomination Committee will discuss at least annually any changes to the Board Diversity Policy and Board composition that may be required (including the need to identify potential successors to the Board to achieve gender diversity), and make such recommendations to the Board for consideration and approval. The Board has reviewed the Board Diversity Policy in 2024 and is of the view that the Board Diversity Policy has been properly implemented and is effective.

The Group's policies in recruitment and promotion of employees are based on objective factors such as their skills, knowledge, experience and performance. We disregard their respective gender, race or religion in order to provide a fair and equal working environment and opportunities. A summary of the gender ratio in the workforce (including senior management) of the Group for the year is disclosed in the Environmental, Social and Governance Report of the Company.

GENERAL MEETINGS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held each year and at a place that may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting. Under code provision C.1.6 of the CG Code, all independent non-executive Directors and non-executive Directors should attend general meetings of listed issuers.

The attendance record of the Directors at the annual general meeting held on 12 August 2024 is set out below:

	Number of meetings attended/ Number of meetings
Executive Directors	
Mr. Li Yue *(Chairman)*	1/1
Mr. Xue Zhao Qiang *(Chief Executive Officer)*	1/1
Non-executive Director	
Mr. Ding Hongquan	1/1
Independent non-executive Directors	
Mr. Wang Wei	1/1
Ms. Dong Ping	1/1
Mr. Zhu Da	1/1

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 currently comprises three independent non-executive Directors, namely Mr. Zhu Da, Mr. Wang Wei and Ms. Dong Ping. Mr. Zhu Da, who has appropriate professional qualifications and experience in accounting matters, has been appointed as the chairman of the Audit Committee.

During the year ended 31 March 2025, two Audit Committee meetings were held and the attendance record of each committee member is set out below:

Name of Directors	Attendance/ Number of the Audit Committee Meetings
Mr. Zhu Da *(Chairman)*	2/2
Ms. Dong Ping	2/2
Mr. Wang Wei	2/2

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.

NOMINATION COMMITTEE

The Company established a nomination committee (the "Nomination Committee") on 9 February 2015 and has formulated its written terms of reference, which have from time to time been modified in accordance with the prevailing provisions of the CG Code. The Nomination Committee currently comprises three independent non-executive Directors, namely Mr. Zhu Da, Mr. Wang Wei and Ms. Dong Ping. Mr. Wang Wei has been appointed as the chairman of the Nomination Committee.

The principal responsibilities of the Nomination Committee are (among other things) to review the composition of the Board, including its structure, size and diversity at least annually to ensure that it has the balance of expertise, skills and experience appropriate for the requirements of the business of the Group. It is also responsible for identifying and recommend the Board suitably qualified persons to become a member of the Board, monitor the appointment or re-appointment and the succession planning of Directors and assess the independence of independent non-executive Directors. The Nomination Committee will also give consideration to the Board Diversity Policy when identifying suitably qualified candidates to become members of the Board, and the Board will review the Board Diversity Policy, so as to develop and review measurable objectives for the implementing the Board Diversity Policy and to monitor the progress on achieving these objectives.

During the year ended 31 March 2025, one Nomination Committee meeting was held and the attendance record of each committee member is set out below:

Name of Directors	Attendance/ Number of the Nomination Committee Meeting
Mr. Wang Wei *(Chairman)*	1/1
Ms. Dong Ping	1/1
Mr. Zhu Da	1/1

The Nomination Committee has, during its meeting, reviewed the composition of the Board and the suitability of the directors proposed for reappointment at the Company's annual general meeting.

NOMINATION POLICY

The Company has adopted a nomination policy (the "Nomination Policy") which aims at strengthening the transparency and accountability of the Board and/or Nomination Committee on election of directors including independent non-executive directors. The Board will review the Nomination Policy from time to time.

Selection Criteria of Directors

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate to be nominated to the Board for it to consider and make recommendation to shareholders for election as directors of the Company at the general meetings and appoint him/her to fill casual vacancies.

- Qualifications and experience in the relevant industries in which the Company's business is involved or is going to be involved;
- Commitment in respect of available time and relevant interest;
- Diversity in all its aspects, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge;
- An understanding of the fiduciary responsibilities that is required of a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities; and
- Independence: the independent non-executive director candidates should meet the "independence" criteria as required under the GEM Listing Rules and the composition of the Board is in conformity with the provisions of the GEM Listing Rules.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

Director Nomination Procedure

The Nomination Committee shall call a meeting, and invite nominations of candidates from Board members (if any) for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.

Proposed candidates will be asked to submit the necessary personal information, together with their written consent to be appointed as a director of the Company. The Nomination Committee may request candidates to provide additional information and documents, if considered necessary.

The Nomination Committee shall evaluate the proposed candidate's suitability with reference to the factors stated above and make recommendation(s) to the Board's consideration and approval.

In the case of the re-election of a director at the general meeting, the Nomination Committee shall review the overall contribution of the directors to the Company and their services, their participation and performance within the Board, and whether such director still meets the needs to complement the Company's corporate strategy.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") on 9 February 2015 and has formulated its written terms of reference, which have from time to time been modified in accordance with the prevailing provisions of the CG Code. The Remuneration Committee currently comprises three independent non-executive Directors, namely Mr. Zhu Da, Mr. Wang Wei and Ms. Dong Ping. Ms. Dong Ping has been appointed as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are (among other things) to make recommendation to the Board the terms of remuneration packages, bonuses and other compensation (including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment) payable to the Directors and senior management and to make recommendations to the Board on the Group's policy and structure for all remuneration of the Directors and senior management.

During the year ended 31 March 2025, one Remuneration Committee meeting was held and the attendance record of each committee member is set out below:

Name of Directors	Attendance/ Number of the Remuneration Committee Meeting
Ms. Dong Ping *(Chairman)*	1/1
Mr. Zhu Da	1/1
Mr. Wang Wei	1/1

The Remuneration Committee has reviewed the remuneration package of the Directors and senior management. No individual Director is involved in deciding his or her own remuneration.

Particulars of the Directors' emoluments for the year ended 31 March 2025 are set out in note 10 to the financial statements.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the Board and senior management whose particulars are contained in the section headed "Directors and Senior Management Profile" in this annual report by band is set out below:

Remuneration band (in HK$)	Number of individuals
HK$nil to HK$1,000,000	7

DIRECTORS' TRAINING

Each newly appointed director has received comprehensive, formal and tailored induction on appointment so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities under the GEM Listing Rules and relevant regulatory requirements. Pursuant to the Code Provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the year, all Directors have participated in appropriate continuous professional development including reading regulatory updates in relation to the Group's business, attending internal briefing sessions, reading materials and watching videos relevant to the director's duties and responsibilities.

Every newly appointed Director of the Company will be briefed by a qualified professional on the general and specific duties of a director under legal and regulatory requirements.

DIRECTORS AND OFFICERS LIABILITIES INSURANCE

The Company has arranged for appropriate insurance covering the liabilities of the Directors and officers in respect of legal actions against the Directors and officers of the Company and its subsidiaries arising out of corporate activities of the Group. The insurance coverage will be reviewed on an annual basis.

DIVIDEND POLICY

Pursuant to code provision F.1.1 of the CG Code, the Company should have a policy on payment of dividends which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company (the "Dividend Policy").

The Company's Dividend Policy makes reference to the Company's Articles. The Dividend Policy provides that the Company in general meeting may from time to time declare dividends in any currency to be paid to the Shareholders of the Company but no dividend shall be declared in excess of the amount recommended by the Board.

Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Articles.

No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.

Subject to compliance with applicable laws, rule and the Articles, the Company will declare and/or recommend the payment of dividends to Shareholders after considering the Company's ability to pay dividends, which will depend upon, among other things, its actual and expected financial results, cash flow, general business conditions and strategies, current and future operations, statutory, contractual and regulatory restrictions and so on.

The Company will review and reassess the Dividend Policy and its effectiveness on a regular basis or as required.

COMPANY SECRETARY

Mr. Chan Yuk Hiu Taylor was appointed as the Company Secretary on 5 September 2016. He is an employee of the Company and has day-to-day knowledge of the Company's affairs. He is responsible for ensuring a good information flow within the Board and the compliance of the Board policy and procedures.

Mr. Chan complies with the relevant professional training requirements under Rule 5.15 of the GEM Listing Rules during the year ended 31 March 2025. His biographical details are set out in the paragraph headed "Directors and Senior Management Profile" on page 11 in this report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors ensure the consolidated financial statements of the Group are prepared in accordance with the applicable statutory requirement and accounting standards. The Directors' responsibilities in the preparation of the consolidated financial statements are set out in the section headed "Independent Auditor's Report" of this report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board recognises its responsibility to ensure that the Company maintains a sound and effective internal control and risk management systems and the Board has conducted a review of the effectiveness of the internal control and risk management systems of the Group during the year. The Group's internal control and risk management systems are designed to safeguard assets against misappropriation and unauthorised disposition and to manage operational risks.

Three-tier Risk Management Approach

The Group has adopted a three-tier risk management approach to identify, assess, mitigate and handle risks. At the first line of defence, business units are responsible for identifying, assessing and monitoring risks associated with each business or deal. The management, as the second line of defence, defines rule sets and models, provides technical support, develops new systems and oversees portfolio management. It ensures that risks are within the acceptable range and that the first line of defence is effective. As the final line of defence, the Audit Committee ensures that the first and second lines of defence are effective through constant inspection and monitoring.

Internal Control

The Board acknowledged that the management had progressively implementing an adequate internal control system to ensure the effective functioning of the Group's operational, financial and compliance areas as follows:

1. *Operational*

   Various principles and procedures are in place to cover the day-to-day operational activities including, but not limited to, the monitoring and reviewing of sales, purchases, production and inventory process, reviewing the financing and investing process, monitoring the compliance with taxation, customs and environmental protection laws and regulations.

2. *Financial*

   Effective financial control is a vital element of internal control. It helps in identifying and managing assets and liabilities to ensure that the Group is not unnecessarily exposed to avoidable financial risks. It also contributes to the safeguarding of assets from inappropriate use or loss, including the prevention and detection of fraud and errors.

   In order to achieve effective financial control, a set of measures have been implemented to tighten the control on cash flow. All payments are required to be properly checked and approved. Proper accounting and financial records shall be maintained to support financial budgets, monthly management accounts and reports.

   Regular reviews and audits are carried out on the financial report procedures to ensure that the preparation of financial statements is carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.

3. *Compliance*
The following policies and procedures are in place to safeguard the compliance control:

- the policies and practices on compliance with legal and regulatory requirements – which shall be reviewed and monitored regularly by the Board;

- the Systems and Procedures on Disclosure of Inside Information – to ensure that any material information which comes to the knowledge of any one or more officers should be promptly identified, assessed and escalated for the attention of the Board;

- Whistle-blowing policy – to deter wrongdoing and to promote standards of good corporate practices, the Company has adopted a whistle blowing policy which aims at encouraging and enabling employees of the Group at all levels and others to report violations or suspected violations and to raise serious concerns about possible improprieties in matters of financial reporting or other matters of the Group. Such arrangement will be reviewed by the Audit Committee which ensures that proper arrangement is in place for fair and independent investigation of the matters.

The Board and the Audit Committee have reviewed the Group's internal controls covering major operational, financial and compliance controls, as well as risk management functions of different systems on a systematic basis based on the risk assessments of the operations and controls. There were no critical issues found but areas for improvement have been identified. The Board and the Audit Committee considered that the key areas of the Group's internal control systems are reasonably implemented.

ROLE OF COMPLIANCE OFFICER

The compliance officer is responsible for establishing a formal mechanism for risk assessment, management monitoring the effectiveness of the Company's internal control system and procedures, and assessing the remediation status.

EXTERNAL AUDITOR'S REMUNERATION

During the year ended 31 March 2025, the Company engaged BDO Limited ("BDO") as the external auditor. The fees in respect of annual audit services provided by BDO for the year ended 31 March 2025 amounted to approximately HK$950,000. The responsibilities of BDO for the audit of the consolidated financial statements are set out in the section headed "Independent Auditor's Report" of this report.

SHAREHOLDERS' RIGHTS

Right to convene extraordinary general meeting

Pursuant to the Articles, any shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to submit a written requisition requiring an extraordinary general meeting (the "EGM") to be called by the Board. The written requisition (i) must state the purposes of the EGM, and (ii) must be signed by the requisitionists and deposited at the registered office of the Company for attention of the Company Secretary, and may consist of several documents in like form, each signed by one or more requisitionists. Such requisitions will be verified with the Company's share registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice to all shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the EGM will not be convened as requested.

If the Board does not within 21 days from the date of the deposit of the requisition proceed duly to convene an EGM, the requisitionists or any of them representing more than one-half of the total voting rights of all of them may convene an EGM, but any EGM so convened shall not be held after expiration of two months from the said date of deposit of the requisition. An EGM convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in any EGM to be convened by the Board.

Right to put forward proposals at general meeting

To put forward proposals at a general meeting of the Company, a shareholder should lodge a written notice of his or her proposal (the "Proposal") with his or her detailed contact information at the Company's principal place of business in Hong Kong.

The request will be verified with the Company's branch share registrars in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

Right to enquire to the Board

Shareholders may send their enquiries and concerns, in written form, to the Board by addressing them to the Company Secretary at Room 1311, 13/F., Olympia Plaza, 255 King's Road, North Point, Hong Kong. Shareholders may also make enquiries to the Board at the general meetings of the Company. In addition, shareholders can contact Tricor Investor Services Limited, the branch share registrar of the Company in Hong Kong, if they have any enquiries about their shareholdings and entitlements to dividend.

The Company has reviewed the shareholders' communication policy conducted for the year ended 31 March 2025 and considered that the shareholders' communication policy has been appropriately implemented and effective.

CONSTITUTIONAL DOCUMENTS

During the year, the Company has not made any changes to the Company's articles of association. An up-to-date version of the Company's articles of association is also available on the Company's website and the Stock Exchange's website.

INVESTOR RELATIONS

The Company believes that maintaining effective communication with the investment industry is crucial to having a deeper understanding of the Company's business and its development among investors. To achieve this goal and increase transparency, the Company will continue to adopt proactive measures to foster better investor relations and communications. As such, the purpose for the Company in formulating investor relations policies is to let investors have access to the information of the Group in a fair and timely manner, so that they can make an informed decision.

We welcome investors to write to the Company or send their inquiries to the Company's website www.steedoriental.com.hk to share their opinions with the Board. The Company's website also discloses the latest business information of the Group to investors and the public.

ACCOUNTABILITY AND AUDIT FINANCIAL REPORTING

The management provides such explanation and information to the Board and reports to the Board on the financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibilities (as set out in the Independent Auditor's Report) for preparing the consolidated financial statements of the Group that give a true and fair view of the state of affairs of the Group. As of the date of this report, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and the Board has prepared the consolidated financial statements on a going concern basis. The responsibility of the external auditor is to form an independent opinion, based on their audit, on the consolidated financial statements prepared by the Board and to report to the shareholders of the Company. The responsibilities of the auditor are set out in the section headed "Independent Auditor's Report" of this report.

Report of the Directors

The Board of Directors of the Company is pleased to present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 29 to the financial statements in this report. The business of the Group is principally engaged in the sourcing, manufacturing and sale of wooden products.

RESULTS AND APPROPRIATIONS

The Group's profit for the year ended 31 March 2025 is set out in the consolidated statement of profit or loss and other comprehensive income on page 32 and the state of affairs of the Group as at 31 March 2025 are set out in the consolidated statement of financial position on page 33 of this report. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2025.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the past five years ended 31 March 2025 is set out on page 82 of this report. This summary does not form part of the audited consolidated financial statements.

CONTINGENT LIABILITIES, LEGAL AND POTENTIAL PROCEEDINGS

As at 31 March 2025, the Group did not have any material contingent liabilities, legal proceedings or potential proceedings.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year ended 31 March 2025 are set out in note 14 to the financial statements in this report.

BANK BORROWINGS

Details of bank borrowings of the Group as at 31 March 2025 are set out in note 25 to the financial statements in this report.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 March 2025 are set out in note 27(c) to the financial statements in this report.

RESERVES

Details of change in reserves of the Group and the Company are set out in the section headed "Consolidated Statement of Changes in Equity" on page 34 and note 27(a) to the financial statements in this report, respectively.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 March 2025, amounted to approximately HK$5.6 million (2024: approximately HK$18.4 million).

DONATIONS

During the year ended 31 March 2025, donations made by the Group amounted to HK$nil (2024: HK$nil).

BUSINESS REVIEW

Details of review of the Group's business and particulars of important events affecting the Group that have occurred since the end of the financial year as well as indication of likely future development in the business of the Group are set out in the section headed "Chairman's Statement" on pages 4 to 5 of this report and "Management Discussion and Analysis" on pages 6 to 9 of this report.

Risks and uncertainties

The principal risks and uncertainties facing the Group have been addressed in the section headed "Management Discussion and Analysis" in this report. In addition, various financial risks have been disclosed in note 33 to the financial statements.

An analysis using financial key performance indicators

The relevant financial key performance indicators relating to the business of the Group are set out in the section headed "Management Discussion and Analysis" and the consolidated financial statements in this report.

Environmental policies and performance

The Group recognises its responsibility to protect the environment from its business activities. The Group continually seeks to identify and manage environmental impacts attributable to its operational activities in order to minimise these impacts if possible. The Group aims to promote efficient use of resources and adopting green technologies for emission reduction. For instance, the Group seeks to replace the equipment by the environmental friendly machines in order to minimise overall exhaust emission.

Relationships with employees, customers, suppliers and other stakeholders

The Group ensures all staff is reasonably remunerated and regularly reviews the employment policies on remuneration and other benefits. The Group maintains a good relationship with its customers and suppliers. The Group maintains close contacts with the customers and has regular review of requirements of customers and complaints. The Group will conduct review on the suppliers' performance on regular basis.

Compliance with laws and regulations

The Group recognises the importance of compliance with regulatory requirements and risks of non-compliance with such requirements. The Group has on-going review the newly enacted laws and regulations affecting the operations of the Group. The Group is not aware of any material non-compliance with the laws and regulations that have significant impact on the business of the Group.

EVENT AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 March 2025 and up to the date of this report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the latest practicable date prior to the issue of this report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2025, sales to the Group's five largest customers accounted for approximately 65.9% of total sales and sales to the largest customer included therein amounted to approximately 18.4% of total sales. The Group's five largest suppliers accounted for approximately 97.8% of total purchases during the year ended 31 March 2024 and purchases from the largest supplier included therein amounted to approximately 70.8% of total purchases.

None of the Directors or any of their close associates (as defined in the GEM Listing Rules), or any of the shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or its five largest suppliers during the year ended 31 March 2025.

DIRECTORS

The Directors during the year ended 31 March 2025 and up to the date of this report were:

Executive Directors
Mr. Li Yue *(Chairman)*
Mr. Xue Zhao Qiang *(Chief Executive Officer)*

Non-executive Director
Mr. Ding Hongquan

Independent non-executive Directors
Mr. Wang Wei
Ms. Dong Ping
Mr. Zhu Da

One-third of the Directors shall retire from office by rotation and re-election at an annual general meeting of the Company in accordance with the Articles, providing that every Director shall be retired at least once every three years. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his/her appointment in accordance with the Articles.

Pursuant to article 84 of the Articles, Mr. Xue Zhao Qiang, an executive Director, and Ms. Dong Ping, an independent non-executive Director, would retire from office by rotation and, being eligible, would offer themselves for re-election as Directors at the AGM.

DIRECTORS' SERVICE CONTRACTS

No Directors have service contracts with the Company with remaining unexpired period of 3 years which are not determinable within one year without payment of compensation (other than statutory compensation).

Each of the existing independent non-executive Directors has entered into a letter of appointment with the Company for a term of 3 years, commencing from 12 August 2019 for Mr. Zhu Da and Ms. Dong Ping, and commencing from 6 March 2021 for Mr. Wang Wei, with automatic renewals for a renewal terms of 3 years each renewal, and all subject to termination by either party giving to the other not less than 3 months' prior written notice. Each of them is subject to retirement by rotation and re-election in accordance with the Articles.

The existing non-executive Director, Mr. Ding Hongquan, has entered into a letter of appointment with the Company for a term of 3 years, commencing from 6 March 2021 with automatic renewals for a renewal terms of 3 years each renewal, and subject to termination by either party giving to the other not less than 3 months' prior written notice. Mr. Ding is subject to rotation and re-election in accordance with the Articles.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Biographical details of the Directors and the senior management of the Group are set out on pages 10 to 11 of this report.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

No contract, transaction or arrangement of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party and in which any of the Directors or an entity connected with him/her or the controlling shareholders of the Company had a material interest, either directly or indirectly, subsisted during the year ended 31 March 2025 (2024: nil).

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 year ended 31 March 2025.

RELATED PARTY TRANSACTIONS

Details of the Group's related party transactions are set out in note 30 to the financial statements in this report. Certain transactions are connected transactions that are exempt from annual reporting requirements under Chapter 20 of the GEM Listing Rules. Save as disclosed above, there were no other related party transactions which are required to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules. The Board confirms that the Company has complied with the applicable disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors a confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors were independent during the period from their respective appointments and up to the date of this report.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole and any part of the Company's business were entered into or existed during the year ended 31 March 2025.

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

As at 31 March 2025, the interests and short positions of the each of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in ordinary shares of the Company

	Number of ordinary share held, capacity and nature of interest			
Name of Director	**Directly and beneficially owned**	**Through controlled corporations**	**Total**	**Approximate percentage of the Company's issued share capital** *(Note)*
Mr. Xue Zhao Qiang	27,978,425	–	27,978,425	10.66%

Note: The percentage is calculated by dividing the number of shares interested or deemed to be interested by 262,473,333 issued shares as at 31 March 2025.

Save as disclosed above, as at 31 March 2025, none of the Directors or chief executive of the Company had any interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was recorded in the register required to be kept by the Company under Section 352 of the SFO, or was otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

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

As at 31 March 2025, so far as is known to the Directors, other than the interests of the Directors or chief executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in ordinary shares of the Company

	Number of ordinary share held, capacity and nature of interest			
Name of Shareholder	**Directly and beneficially owned**	**Through controlled corporations**	**Total**	**Approximate percentage of the Company's issued share capital** *(Note)*
Ms. Sun Xue Song	123,041,695	–	123,041,695	46.88%

Note: The percentage is calculated by dividing the number of shares interested or deemed to be interested by 262,473,333 issued shares as at 31 March 2025.

Save as disclosed above, no other person has interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

A full corporate governance report is set out on pages 12 to 21 of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders unless otherwise required by the Stock Exchange.

SHARE OPTION SCHEME

The Company conditionally approved and adopted a share option scheme (the "Share Option Scheme") on 9 February 2015. The terms of the Share Option Scheme are subject to the provisions of Chapter 23 of the GEM Listing Rules.

The purpose of the Share Option Scheme is to provide an incentive or reward for eligible participants (any full-time or part-time employees, consultants or potential employees, consultants, executives or officers of the Group, and any suppliers, customers, consultants, agents and advisers, who in the absolute discretion of our Board has contributed or will contribute to the Group) (the "Eligible Participants") for their contribution or potential contribution to the Group.

Pursuant to the Share Option Scheme, the Directors may, at their absolute discretion, grant options to the Eligible Participants to subscribe for shares in the Company at a price determined by the directors and not less than the highest of:

(i) the closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant of the options;

(ii) the average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant of the options; and

(iii) the nominal value of the shares of the Company on the date of grant.

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue immediately upon completion of the Placing which is 20,000,000 shares, representing approximately 7.62% of the issued shares of the Company as at the date of this report. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 30% of the shares of the Company in issue from time to time.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period commencing on such date on or after the date on which the option is granted as the Board may determine in granting the option and expiring at the close of business on such date as the Board may determine in granting the option but in any event shall not exceed 10 years from the date of grant (which is the date of offer of grant if the offer for the grant of the option is accepted).

Unless approved by our shareholders in general meeting in the manner prescribed in the GEM Listing Rules, our Board shall not grant options to any Eligible Participants if the acceptance of those options would result in the total number of shares issued and to be issued to those Eligible Participants on exercise of the options during any 12-month period up to the offer date exceeding 1% of the total shares then in issue.

Options granted must be taken up within 14 days of that date of grant, upon payment of HK$1 in aggregate as consideration for the options granted.

The Share Option Scheme expired on 23 February 2025.

As of 1 April 2024 and 31 March 2025, the total number of share options available for grant under the scheme mandate and available for issue under the Share Option Scheme were 20,000,000 and 0 (as the Share Option Scheme expired in February 2025) respectively. No service provider sub-limit was set under the Share Option Scheme.

As of 1 April 2024 and as of 31 March 2025, no Share Options were outstanding.

During the year ended 31 March 2025, no share options were granted pursuant to the Share Option Scheme.

As at 31 March 2025, none of the Directors or employees held any share options of the Company under the Share Option Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company, its subsidiaries, its fellow subsidiaries or its holding companies, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The consolidated financial statements for the years ended 31 March 2023 and 2024 were audited by BDO.

The consolidated financial statements for the year ended 31 March 2025 were audited by BDO who will retire and, being eligible, offer themselves for re-appointment.

A resolution for the re-appointment of BDO as the auditor of the Company is to be proposed at the forthcoming AGM. Save for the above, there has been no other change in the auditors of the Company in any of the preceding three years.

By Order of the Board
Steed Oriental (Holdings) Company Limited
Li Yue
Chairman and Executive Director

Hong Kong, 27 June 2025

Independent Auditor's Report

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TO THE SHAREHOLDERS OF STEED ORIENTAL (HOLDINGS) COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Steed Oriental (Holdings) Company Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 32 to 81, which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (CONTINUED)

Valuation of investment properties

The Group had investment properties, which were stated at fair value. Management estimated the fair values of these investment properties to be approximately HK$18,536,000 as at 31 March 2025. Independent external valuations were obtained in order to support management's estimates. Valuations are dependent on certain key assumptions that require significant management judgement including term yield, reversionary yield and market rents.

Relevant disclosures of valuation of investment properties are set out in notes 3.7, 4 and 15 to the consolidated financial statements.

Our response:

Our procedures in relation to management's valuation of investment properties included:

- Evaluating the independent external valuers' objectivity, competence and capabilities;

- Assessing the methodologies used and the reasonableness of the key inputs and assumptions estimated or made by the management based on our knowledge of the property industry;

- Checking, on a sample basis, the accuracy and relevance of the input data used; and

- Involving our internal valuation specialists to assist us in evaluating the assumptions used by the Group and external expert.

Based on our work, we found the key assumptions were supported by the available evidence.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants

Ng Wai Man
Practising Certificate number P05309

Hong Kong, 27 June 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
Revenue	5	**21,240**	63,120
Cost of sales		**(18,268)**	(48,375)
Gross profit		**2,972**	14,745
Other income	6	**899**	1,107
Other gains/(losses), net	7	**1,092**	(5,612)
Gain on disposal of a subsidiary	12	**64,549**	-
Selling expenses		**(104)**	(84)
Administrative expenses		**(15,072)**	(19,682)
Fair value loss on investment properties	15	**(3,251)**	(2,844)
Impairment losses on non-current assets		**–**	(12,303)
Profit/(loss) from operations		**51,085**	(24,673)
Finance costs	8(a)	**(13,695)**	(15,028)
Profit/(loss) before taxation	8	**37,390**	(39,701)
Income tax (expense)/credit	9	**(1,111)**	1,086
Profit/(loss) for the year attributable to equity shareholders of the Company		**36,279**	(38,615)
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Exchange differences arising on translating into presentation currency		**451**	(2,656)
Other comprehensive income/(expense) for the year, net of tax		**451**	(2,656)
Total comprehensive income/(expense) for the year attributable to equity shareholders of the Company		**36,730**	(41,271)
Earnings/(losses) per share			
Basic and diluted (HK cents)	13	**13.82**	(14.71)

Consolidated Statement of Financial Position

At 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**42**	83,343
Investment properties	15	**18,536**	30,284
Right-of-use assets	16	**2,913**	31,499
Deferred tax assets	26	**946**	–
Intangible assets	17	**–**	–
Other non-current assets	18	**–**	437
Total non-current assets		**22,437**	145,563
Current assets			
Inventories	19	**257**	26,360
Trade and other receivables	20	**2,410**	27,516
Contract assets	21	**1,688**	1,863
Cash and cash equivalents	22(a)	**2,906**	955
Total current assets		**7,261**	56,694
LIABILITIES			
Current liabilities			
Trade and other payables	23	**21,977**	69,258
Contract liabilities	24	**–**	1,724
Lease liabilities	16	**663**	216
Total current liabilities		**22,640**	71,198
NET CURRENT LIABILITIES		**(15,379)**	(14,504)
Non-current liabilities			
Bank borrowings	25	**–**	161,500
Deferred tax liabilities	26	**–**	1,516
Lease liabilities	16	**2,285**	–
Total non-current liabilities		**2,285**	163,016
NET ASSETS/(LIABILITIES)		**4,773**	(31,957)
EQUITY			
Share capital	27(c)	**2,625**	2,625
Reserves		**2,148**	(34,582)
TOTAL EQUITY/(DEFICIENCY)		**4,773**	(31,957)

The consolidated financial statements on pages 32 to 81 were approved and authorized for issue by the Board of Directors on 27 June 2025 and were signed on its behalf by:

Li Yue
Chairman and Executive Director

Xue Zhao Qiang
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

	Share capital HK$'000 (notes 27(c))	Share premium HK$'000 (notes 27(d)(i))	Other reserve HK$'000 (notes 27(d)(ii))	Property revaluation reserve HK$'000 (notes 27(e))	Exchange reserve HK$'000 (notes 27(d)(iii))	Accumulated losses HK$'000	Total equity/ (deficiency) HK$'000
Balance as at 1 April 2023	2,625	80,541	41,355	2,091	1,051	(118,349)	9,314
Comprehensive expense							
Loss for the year	–	–	–	–	–	(38,615)	(38,615)
Other comprehensive expense							
Exchange differences arising on translating into presentation currency	–	–	–	–	(2,656)	–	(2,656)
Total comprehensive expense for the year	–	–	–	–	(2,656)	(38,615)	(41,271)
At 31 March 2024 and 1 April 2024	2,625	80,541	41,355	2,091	(1,605)	(156,964)	(31,957)
Comprehensive expense							
Profit for the year	–	–	–	–	–	36,279	36,279
Other comprehensive income/(expense)							
Exchange differences arising on translating into presentation currency	–	–	–	–	451	–	451
Release upon disposal of a subsidiary	–	–	–	(2,091)	416	1,675	–
Total comprehensive income/(expense) for the year	–	–	–	(2,091)	867	37,954	36,730
At 31 March 2025	2,625	80,541	41,355	–	(738)	(119,010)	4,773

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	Notes	2025 HK$'000	2024 HK$'000
OPERATING ACTIVITIES			
Profit/(loss) before taxation		**37,390**	(39,701)
Adjustments for:			
Depreciation			
– Property, plant and equipment		**2,537**	4,866
– Right-of-use assets		**753**	1,151
Provision for/(reversal) of provision for impairment of inventories		**456**	(82)
Gain on disposal of a subsidiary		**(64,549)**	–
Amortisation		**–**	229
Finance costs		**13,695**	15,028
(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
Interest income		**(77)**	(1)
Fair value loss on investment properties		**3,251**	2,844
Net (gain)/loss on disposal of property, plant and equipment		**(966)**	6,167
Impairment loss of non-current assets		**–**	12,303
Operating cash flows before movements in working capital		**(2,506)**	10,634
Decrease/(increase) in inventories		**12,087**	(7,921)
Decrease/(increase) in trade and other receivables		**9,592**	(7,991)
Decrease in contract assets		**103**	36
Increase/(decrease) in trade and other payables		**1,720**	(2,521)
Decrease in contract liabilities		**–**	(3,711)
Decrease in deferred income		**–**	(285)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		**20,996**	(11,759)
INVESTING ACTIVITIES			
Payments for purchase of property, plant and equipment		**(53)**	(169)
Proceeds from disposal of property, plant and equipment		**966**	2,324
Interest received		**77**	1
Net cash inflow on disposal of a subsidiary	12	**29,815**	–
NET CASH GENERATED FROM INVESTING ACTIVITIES		**30,805**	2,156
FINANCING ACTIVITIES			
Finance costs paid		**(13,695)**	(15,028)
Advances from shareholders		**19,828**	30,487
Repayment to shareholders		**(55,632)**	(4,648)
Payment of lease liabilities		**(327)**	(443)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		**(49,826)**	10,368
INCREASE IN CASH AND CASH EQUIVALENTS		**1,975**	765
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	22	**955**	644
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(24)**	(454)
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	**2,906**	955

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. ACCOUNTING POLICIES

3.1 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.

3.2 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 its 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.

3.3 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

3. ACCOUNTING POLICIES (CONTINUED)

3.4 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

3.5 Foreign currency translation

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which they operate (the "functional currency"). The Company's functional currency is presented in Renminbi ("RMB"). As the Company is listed on the GEM of the Stock Exchange, the directors consider that it will be more appropriate to adopt Hong Kong dollar ("HK$") as the Group's and the Company's presentation currency.

(i) Transactions and balances

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated statement of profit or loss and other comprehensive income as part of the fair value gains or losses.

(ii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(2) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(3) all resulting exchange differences are recognised in other comprehensive income.

3. ACCOUNTING POLICIES (CONTINUED)

3.6 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at historical cost less depreciation and provision for impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the year in which they are incurred.

Property, plant and equipment other than construction in progress, are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

– Plant, property and machinery	3-10 years
– Furniture, fittings and equipment	3-10 years
– Leasehold improvements	Over the lease term

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of profit or loss and other comprehensive income.

3.7 Investment properties

Investment property are properties held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

3.8 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life or have not yet available for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3. ACCOUNTING POLICIES (CONTINUED)

3.9 Financial Instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There is one measurement category into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on trade receivables, contract assets and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition.

3. ACCOUNTING POLICIES (CONTINUED)

3.9 Financial Instruments (continued)

(ii) Impairment loss on financial assets (continued)

In making this reassessment, the Group considers a financial asset to be credit-impaired when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers that a default event occurs when the financial asset is more than 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Trade balances are assessed collectively based on provision matrix based on historical credit loss experience adjusted by forward looking estimates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

3. ACCOUNTING POLICIES (CONTINUED)

3.9 Financial Instruments (continued)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, bank and other borrowings and lease liabilities are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

3.10 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.11 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

3.12 Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3. ACCOUNTING POLICIES (CONTINUED)

3.12 Income taxes (continued)

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presented to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3.13 Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

3. ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue recognition

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of goods

Sale of goods are recognised as follows:

– *Made-to-order manufacturing arrangements*

The Group classifies contracts as made-to-order manufacturing arrangements when the Group manufactures the products in accordance with the customer's specification and under the contract the Group has the right to be paid for work done to date if the customer were to cancel the contract before the order was fully completed.

Revenue arising from made-to-order manufacturing arrangements, and a corresponding contract asset, are recognised progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs. The contract asset (either partially or in full) is reclassified to receivables when the entitlement to payment for that amount has become unconditional.

– *Sale of other goods*

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(iii) Rental income

Rental income from operating leases is recognised on straight-line basis over the terms of relevant lease.

3. ACCOUNTING POLICIES (CONTINUED)

3.15 Leasing

a) *Accounting as a lessee*

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. For right-of-use asset that meets the definition of a class of property, plant and equipment, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses.

The Group accounts for leasehold land and buildings that are held for rental or capital appreciation purpose under HKAS 40 and are carried at fair value. The Group accounts for leasehold land and buildings which is held for own use under HKAS 16 and are carried at cost, less any accumulated depreciation and any impairment losses.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	Over the shorter of lease terms of related lease hold land or 50 years
Properties	Over the lease terms
Factory	Over the lease terms

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

3. ACCOUNTING POLICIES (CONTINUED)

3.15 Leasing (continued)

b) *Accounting as a lessor*
The Group has leased out its investment properties to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

3.16 Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue for sale of goods (see note 3.14(i)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 3.9(ii) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue for sale of goods (see note 3.14(i)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

3.17 Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical judgments

The following is the a critical judgment, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) *Going concern basis*

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the operating results of the Group's operations and financing plan assessed using cash flows forecasts as detailed in note 3.2 to these consolidated financial statements. However, because not all future events or conditions can be predicted, this assumption is not a guarantee as to the Group's and Company's ability to continue as a going concern.

(b) *Deferred taxation on investment properties*

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment properties portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time.

Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined whether the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted and the Group has recognised deferred tax on changes in fair value of investment properties on the basis that the deferred tax reflects the tax consequences that will follow from the manner in which the Group expects at the end of the reporting period to recover the carrying amount of the investment properties.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

(a) *Impairment losses of right-of-use assets*

If circumstances indicate that the carrying amount of right-of-use assets may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of long-lived assets as described in note 3.8. These assets are tested for impairment whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future years.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

(b) *Useful life and residual value of right-of-use assets*

The right-of-use assets of the Group are depreciated at rates sufficient to write off their costs less accumulated impairment losses and estimated residual values over their estimated useful lives on a straight-line basis. The Group reviewed the useful lives periodically to ensure that the method and rates of depreciation are consistent with the expected pattern of economic benefits from the right-of-use assets. The Group estimates the useful lives of the right-of-use assets as set out in note 3.15(a) based on the historical experience with similar assets, taking into account anticipated technological changes. The depreciation expenses in the future periods will change if there are significant changes to these estimates.

(c) *Impairment of trade receivables and contract assets*

The Group makes provision for impairment of trade receivables and contract assets based on assumptions about risk of default and expected loss rates (note 3.9(ii)). The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward–looking estimates at the end of reporting date.

(d) *Estimated fair value of investment properties*

At the end of the reporting period, investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuer has based on a method of valuation which involves certain estimates. In relying on the valuation report, the management has exercised their judgment and is satisfied that the assumptions used in valuation are reflective of the current market conditions. Changes to these estimation, assumptions and key inputs would result in changes in the fair values of the Group's investment properties and the corresponding adjustments would be recognised in profit or loss. Note 15 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties.

5. 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.

5. REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Revenue (continued)

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 (note (i))	**N/A**	11,409
Customer D (note (ii))	**3,010**	N/A

Details of concentrations of credit risk are set out in note 33(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.

5. REVENUE AND SEGMENT REPORTING (CONTINUED)

(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
Mainland China	**19,985**	145,563

6. OTHER INCOME

	2025 HK$'000	2024 HK$'000
Rental income	**811**	766
Bank interest income	**77**	1
Government subsidies (note)	**–**	300
Others	**11**	40
	899	1,107

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

7. 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
	1,092	(5,612)

8. 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
	13,695	15,028

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
	2,509	3,252

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 (note 14)	**2,537**	4,866
Amortisation of intangible assets (note 17)	**–**	229
Depreciation of right-of-use assets		
– Properties (note 16)	**100**	440
– Factory (note 16)	**46**	–
– Land use right (note 16)	**607**	711
(Reversal of)/provision for impairment loss recognised in respect of trade receivables (note 33(a))	**(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 (note 21)	**11**	5,484
Short term lease expenses (note 16)	**14**	14
Provision for/(reversal of) impairment of inventories	**456**	(82)
Auditors' remuneration	**950**	1,000
Cost of inventories (note (i))	**18,268**	48,375

(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 8(b) for each of these types of expenses.

9. TAXATION

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

	2025 HK$'000	2024 HK$'000
Deferred income tax (note 26)	**1,111**	(1,086)

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2025 HK$'000	2024 HK$'000
Profit/(loss) before taxation	**37,390**	(39,701)
Income tax on loss before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (notes (i), (ii) and (iii))	**9,865**	(8,532)
Tax effect of non-deductible expenses	**798**	1,440
Tax effect of non-taxable income	**(15,927)**	–
Tax effect of tax losses and temporary differences not recognised	**6,375**	6,006
Income tax expense/(credit) for the year	**1,111**	(1,086)

Notes:

(i) 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).

(ii) 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.

(iii) 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%).

10. DIRECTORS' EMOLUMENTS

Name of directors	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	2025 Total HK$'000
Executive directors					
Mr. Xue Zhao Qiang	–	240	–	–	240
Mr. Li Yue (note (ii))	–	240	–	–	240
Non-executive director					
Mr. Ding Hongquan	–	–	–	–	–
Independent non-executive directors					
Ms. Dong Ping	–	–	–	–	–
Mr. Zhu Da	–	–	–	–	–
Mr. Wang Wei	–	–	–	–	–
	–	480	–	–	480

Name of directors	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	2024 Total HK$'000
Executive directors					
Ms. Sun Xue Song (note (i))	–	197	–	–	197
Mr. Xue Zhao Qiang	–	240	–	–	240
Mr. Li Yue (note (ii))	–	43	–	–	43
Non-executive director					
Mr. Ding Hongquan	–	–	–	–	–
Independent non-executive directors					
Ms. Dong Ping	–	–	–	–	–
Mr. Zhu Da	–	–	–	–	–
Mr. Wang Wei	–	–	–	–	–
	–	480	–	–	480

Note:

(i) Resigned as executive director on 26 January 2024.

(ii) Appointed as executive director on 26 January 2024.

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2024: two) directors whose emoluments is disclosed in note 10. The aggregate of the emoluments in respect of the remaining three (2024: three) individuals are as follows:

	2025 **HK$'000**	2024 HK$'000
Salaries, allowances and benefits in kind	**1,103**	1,138
Discretionary bonuses	**–**	–
Retirement scheme contributions	**31**	47
	1,134	1,185

The emoluments of the three (2024: three) individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following bands:

	2025	2024
HK$Nil – HK$1,000,000	**3**	3

During each of the reporting periods, no director or any of the highest paid individuals waived or agreed to waive any emoluments. No emoluments were paid by the Group to the directors or any of the highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

12. 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.

12. DISPOSAL OF A SUBSIDIARY (CONTINUED)

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
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 tax liabilities	(3,538)
Net liabilities disposed of	(34,646)
Gain on disposal of a subsidiary	
Cash consideration received	29,903
Less: Net liabilities disposed of	34,646
Gain on disposal	64,549
Net cash inflow arising on disposal:	
Cash consideration received	29,903
Cash at bank disposed of	(88)
Consideration received by cash	29,815

* The disposal involved advances from shareholder amounting HK$4,165,000.

13. 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)	**13.82**	(14.71)

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

14. PROPERTY, PLANT AND EQUIPMENT

	Plant, property and machinery HK$'000	Leasehold improvements HK$'000	Furniture, fittings and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 April 2023	134,142	2,190	1,746	762	138,840
Addition	169	–	–	–	169
Exchange realignment	(6,483)	(16)	(77)	(41)	(6,617)
Disposals	(14,614)	–	(5)	(200)	(14,819)
At 31 March 2024	113,214	2,174	1,664	521	117,573
Addition	–	40	13	–	53
Disposal	(9,156)	–	(332)	(166)	(9,654)
Exchange realignment	(1,511)	(4)	(18)	(7)	(1,540)
Disposal of a subsidiary (note 12)	(101,330)	(1,852)	(1,162)	(348)	(104,692)
At 31 March 2025	1,217	358	165	–	1,740
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
At 1 April 2023	20,734	2,069	1,390	582	24,775
Exchange realignment	(269)	(10)	(40)	(97)	(416)
Charge for the year	4,549	64	145	108	4,866
Disposal	(6,193)	–	(4)	(161)	(6,358)
Impairment loss for the year	11,101	–	173	89	11,363
At 31 March 2024	29,922	2,123	1,664	521	34,230
Exchange realignment	(313)	(4)	(18)	(7)	(342)
Charge for the year	2,475	61	1	–	2,537
Disposal	(9,156)	–	(332)	(166)	(9,654)
Disposal of a subsidiary (note 12)	(21,711)	(1,852)	(1,162)	(348)	(25,073)
At 31 March 2025	1,217	328	153	–	1,698
CARRYING AMOUNT					
At 31 March 2025	–	30	12	–	42
At 31 March 2024	83,292	51	–	–	83,343

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 March 2024, the Group's property, plant and equipment with an aggregate carrying amount of approximately HK$75,083,000 were pledged to secure general banking facilities granted to the Group (note 25). As at 31 March 2025, the Group has no pledged property, plant and equipment to secure any general banking facilities granted to the Group.

Impairment testing for property, plant and equipment, right-of-use assets and intangible assets

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

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

For the year ended 31 March 2025

The management assessed for whether the CGU have any impairment indicator by considering whether it recorded operating loss in current period and the Group cannot meet the sales target for the year ended 31 March 2025 because of the PRC economic recovery is slower than expected and the demand for construction and real property industry continues to decline in the PRC.

The carrying value of the CGU is compared against the recoverable amount. The management has reviewed the recoverability of the relevant carrying amounts of CGU. Based on the assessment, the recoverable amounts of the CGU is approximately HK$6,520,000, is higher than the carrying amount of CGU. The management concluded that there was no impairment of property, plant and equipment and right-of-use assets for the year ended 31 March 2025. The basis of determining the recoverable amounts of the CGU and their major underlying assumptions are summarised below:

The value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a 5-years period which taken into account the performance of the CGU in current year and incorporating management's latest plans for CGU. Cash flows beyond the one-year period are extrapolated using the estimated growth rates stated below:

	2025
First year revenue growth rate	**0.0%**
Revenue growth rate after the first year	**0.6%-2.0%**
Pre-tax discount rate	**17.08%**

The discount rates applied by the Group that reflect the current market assessment of the time value of money and the risk specific to the CGU. Revenue growth rates are determined based on past experience and expectations on market and operational development.

For the year ended 31 March 2024

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

The carrying value of the CGU is compared against the recoverable amount, which is the higher of VIU and FVLCOD. The management has reviewed the recoverability of the relevant carrying amounts of CGU. Based on the assessment, the recoverable amounts of the CGU is approximately HK$38,659,000, which is determined as the VIU, is lower than the carrying amount of CGU. The basis of determining the recoverable amounts of the CGU and their major underlying assumptions are summarised below:

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment testing for property, plant and equipment, right-of-use assets and intangible assets (continued)

For the year ended 31 March 2024 (continued)

The value-in-use calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a 5-years period which taken into account the performance of the CGU in current year and incorporating management's latest plans for CGU. Cash flows beyond the one-year period are extrapolated using the estimated growth rates stated below:

	2024
First year revenue growth rate	2.16%
Revenue growth rate after the first year	2.22%
Pre-tax discount rate	17.41%

The discount rates applied by the Group that reflect the current market assessment of the time value of money and the risk specific to the CGU. Revenue growth rates are determined based on past experience and expectations on market and operational development.

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

The recoverable amount of the workshop and office building of industrial complex has been determined by FVLCOD with reference to the valuation prepared by Peak Vision Appraisals Limited, an independent professional valuer not connected to the Group. The fair value of the workshop and office building of industrial complex was measured using investment approach with use of significant unobservable inputs and hence were classified as Level 3 of the fair value hierarchy. There were no transfer into or out of Level 3 during the year. Key assumptions used in calculating the recoverable amount are as follows:

	2024
Investment approach	
Term yield	8.25%
Reversionary yield	8.50%
Monthly market rent	RMB7.74- RMB15.06

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

For the year ended 31 March 2024, as a result of the impairment review of CGU with impairment indicator, impairment loss of approximately HK$11,363,000, HK$220,000 and HK$720,000 has been recognised on property, plant and equipment (note 14), right-of-use assets (note 16) and intangible assets (note 17), respectively.

15. INVESTMENT PROPERTIES

Carrying amount, at fair value	2025 HK$'000	2024 HK$'000
At the beginning of the year	**30,284**	34,795
Fair value loss on investment properties	**(3,251)**	(2,844)
Disposal of a subsidiary (note 12)	**(8,148)**	–
Exchange realignment	**(349)**	(1,667)
As at end of the year	**18,536**	30,284

Notes:

(a) The fair value of the Group's investment properties in the PRC at 31 March 2025 and 2024 was with reference to valuation carried out by independent professional valuer, Peak Vision Appraisals Limited, who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

The fair value of investments properties is a level 3 recurring fair value measurements using significant unobservable inputs. During the years, there were no transfers of fair value measurements between level 1 and level 2, and no transfers into or out of level 3.

For the Group's investment properties in the PRC as at 31 March 2025 and 2024, the valuation was determined using investment approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed taking into account the current passing rents and the reversionary income potential of tenancies.

Information about fair value measurements using significant unobservable inputs (Level 3) is provided below:

Description	Fair value (HK$'000)	Valuation technique(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
i) The office premise is located at 12 Retail Units on Levels 1 to 2, Block no.3 commercial of 慢城 (Man Cheng), No. 88 Xisanzhuang Street, Shijiazhuang City, Hebei Province.	18,536 (2024: 22,003)	Investment approach	(i) Term yield Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the conditions of the building of 4.5% (2024: 3.75%)	The higher the term yield, the lower the fair value
			(ii) Reversionary yield Reversionary yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the risk associated with the future rental, of 5.5% (2024: 4.75%)	The higher the reversionary yield, the lower the fair value

15. INVESTMENT PROPERTIES (CONTINUED)

Notes: (continued)

(a) Information about fair value measurements using significant unobservable inputs (Level 3) is provided below: (continued)

Description	Fair value (HK$'000)	Valuation technique(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
			(iii) Monthly market rent Monthly market rent per sq.m per month compares with direct market comparables and taking into account of location and other individual factors, the range of average market rental is from HK$56.36 to HK$102.11 (2024: HK$84.11 to HK$103.40).	The higher the monthly market rent, the higher the fair value
ii) The office premise is located at No. 1 Workshop and portion of Level 2 of Office Building of industrial complex located at the western side of Xihuan Road, the southern side of 308 National Road and eastern side of Beiji Qiao village, Ningjin County, Xingtai City, Hebei Province, the PRC.	2024: 8,281	Investment approach	(i) Term yield Term yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the conditions of the building of 8.50% in 2024	The higher the term yield, the lower the fair value
			(ii) Reversionary yield Reversionary yield, taking into account of yield generated by market average selling price and the market average rental from comparable properties and adjustment to reflect the risk associated with the future rental, of 8.50% in 2024	The higher the reversionary yield, the lower the fair value
			(iii) Monthly market rent Monthly market rent per sq.m per month compares with direct market comparables and taking into account of location and other individual factors, the range of average market rental is from HK$8.39 to HK$9.54 in 2024	The higher the monthly market rent, the higher the fair value

(b) As at 31 March 2025, the Group did not have any investment properties pledged to secure general banking facilities. Following the completion of the disposal of a subsidiary on 28 February 2025, as detailed in note 12, the investment properties of the disposed subsidiary were no longer consolidated in the Company's financial statements as at 31 March 2025.

As at 31 March 2024, the Group's investment properties with an aggregate carrying amount of approximately HK$8,281,000 were pledged to secure general banking facilities granted to the Group (note 25).

16. LEASES

The Group as a lessee

The Group leases a number of properties and factory in the jurisdictions from which it operates. The periodic rent of property lease is fixed over the lease term. None of the leases includes variable lease payments.

RIGHT-OF-USE ASSETS

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as right-of-use assets.

	Properties	Factory	Lease prepayment for land use right (Note (i))	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 April 2023	660	–	33,929	34,589
Additions				
Depreciation charge for the year	(440)	–	(711)	(1,151)
Foreign exchange movements	–	–	(1,719)	(1,719)
Impairment loss for the year (note (iii))	(220)	–	–	(220)
Balance at 31 March 2024 and 1 April 2024	**–**	**–**	**31,499**	**31,499**
Additions	**344**	**2,737**	**–**	**3,081**
Depreciation charge for the year	**(100)**	**(46)**	**(607)**	**(753)**
Disposal of a subsidiary (note 12)	**–**	**–**	**(30,450)**	**(30,450)**
Foreign exchange movements	**–**	**(22)**	**(442)**	**(464)**
Balance at 31 March 2025	**244**	**2,669**	**–**	**2,913**

Notes:

(i) Lease prepayments represent land use right premiums paid by the Group for land situated in Mainland China. The land use rights are with lease terms of 50 years.

(ii) As at 31 March 2024, the Group's right-of-use assets with an aggregate carrying amount of approximately HK$31,499,000 were pledged to secure general banking facilities granted to the Group (note 25).

(iii) The CGU is tested for impairment as it contains property, plant and equipment, right-of-use assets and intangible assets, key assumptions used in the impairment model are detailed in note 14.

16. LEASES (CONTINUED)

LEASE LIABILITIES

	Properties HK$'000	Factory HK$'000	Total HK$'000
Balance at 1 April 2023	659	–	659
Interest expenses	24	–	24
Lease payments	(467)	–	(467)
Balance at 31 March 2024 and 1 April 2024	216	–	216
Additions	344	2,706	3,050
Interest expenses	13	16	29
Lease payments	(302)	(54)	(356)
Exchange realignment	–	9	9
Balance at 31 March 2025	271	2,677	2,948

Future lease payments are due as follows:

	Minimum lease payments HK$'000	**Interest HK$'000**	**Present value HK$'000**
31 March 2025			
Not later than one year	**704**	**41**	**663**
After one year but within two years	**666**	**75**	**591**
After two years but within five years	**2,099**	**405**	**1,694**
	3,469	**521**	**2,948**

	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
31 March 2024			
Not later than one year	219	3	216

The present value of future lease payments are analysed as:

	2025 HK$'000	2024 HK$'000
Current liabilities	**663**	216
Non-current liabilities	**2,285**	–
	2,948	216

	2025 HK$'000	2024 HK$'000
Short term lease expenses	**14**	14

16. LEASES (CONTINUED)

The Group as a lessor

The Group's investment properties are also leased to a number of tenants. The rental income during the year ended 31 March 2025 was approximately HK$811,000 (2024: HK$766,000).

At the end of reporting period, the Group's total future minimum lease receivables under non-cancellable operating lease are as follows:

	2025 HK$'000	2024 HK$'000
Not later than one year	**818**	662
Later than one year and not later than two years	**818**	–
	1,636	662

17. INTANGIBLE ASSETS

	Patents and use right of technological know-how HK$'000
COST	
At 31 March 2023	2,309
Exchange realignment	(116)
At 31 March 2024	2,193
Disposal of a subsidiary (note 12)	(2,161)
Exchange realignment	(32)
At 31 March 2025	–
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES	
At 1 April 2023	1,314
Exchange realignment	(70)
Amortisation	229
Impairment loss for the year (note)	720
At 31 March 2024	2,193
Exchange realignment	(32)
Disposal of a subsidiary (note 12)	(2,161)
At 31 March 2025	–
CARRYING AMOUNT	
At 31 March 2025	–
At 31 March 2024	–

Note:

The CGU is tested for impairment as it contains property, plant and equipment, right-of-use assets and intangible assets, key assumptions used in the impairment model are detailed in note 14.

18. OTHER NON-CURRENT ASSETS

	2025 HK$'000	2024 HK$'000
Prepayments to third parties	–	437

The advances to third parties are unsecured and interest free.

19. INVENTORIES

	2025 HK$'000	2024 HK$'000
Raw materials	–	23,140
Finished goods	257	5,765
	257	28,905
Less: Provision for impairment of inventories	–	(2,545)
	257	26,360

The analysis of the amount of inventories recognised as an expense and included in the consolidated statement of profit or loss and other comprehensive income during the year is as follows:

	2025 HK$'000	2024 HK$'000
Carrying amount of inventories sold	18,268	48,375

20. TRADE AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables due from third parties	2,331	25,421
Less: Loss allowance(note 33(a))	(84)	(7,135)
	2,247	18,286
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)	150	135
	4,449	10,610
Less: Loss allowance	(4,286)	(1,380)
	163	9,230
Trade and other receivables	2,410	27,516

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.

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

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$'000	2024 HK$'000
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
	2,247	18,286

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

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 33(a).

21. CONTRACT ASSETS

	2025 HK$'000	2024 HK$'000
Contract assets arising from made-to-order wooden products contracts with customers:		
Unbilled production	**1,725**	7,298
Less: Loss allowance	**(37)**	(5,435)
	1,688	1,863

Movement in the loss allowance account in respect of contract assets during the year is as follows:

	2025 HK$'000	2024 HK$'000
Balance at April 1	**5,435**	–
Impairment losses recognised during the year	**11**	5,484
Disposal of a subsidiary	**(5,391)**	–
Exchange difference	**(18)**	(49)
Balance at March 31	**37**	5,435

As at 31 March 2025 and 2024, the amounts of contract assets represented made-to-order wooden products contracts with customers.

Such made-to-order wooden products contracts include payment schedules which usually require stage payments over the production period once milestones are reached. When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the contract exceeds the amount of the deposit. The payment schedules and the amount of deposit were negotiated on a case by case basis with customers.

The contract assets related to unbilled production are expected to settle within one year.

21. CONTRACT ASSETS (CONTINUED)

Unsatisfied performance obligations

As at 31 March 2025, the aggregate amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is approximately HK$15,781,000 (2024: HK$27,859,000). This amount represents revenue expected to recognise in the future from construction contracts entered into with customers. The Group will recognise the expected revenue in the future when or as the work is completed. These are expected to occur over the next 12 months.

22. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

a) Cash and cash equivalents comprise:

	2025 **HK$'000**	2024 HK$'000
Cash available on demand	**2,906**	955

The Group's operations in the PRC (excluding HK) are conducted in RMB.

As at 31 March 2025, included in cash and balance of the Group was approximately HK$2,797,000 (2024: HK$105,000) of bank balances denominated in RMB placed with the banks in the PRC.

RMB is not a freely convertible currency and the remittance of RMB out of the PRC (excluding HK) is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

22. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

b) Reconciliation of liabilities arising from financing activities:

	Bank borrowings (note 25) HK$'000	Advances from shareholders (note 23) HK$'000	Lease liabilities (note 16) HK$'000	Total HK$'000
At 1 April 2024	161,500	53,922	216	215,638
Changes from financing cash flows:				
Finance costs paid	(13,666)	–	(29)	(13,695)
Payment of lease liabilities	–	–	(327)	(327)
Advances from shareholders	–	19,828	–	19,828
Repayment to shareholders	–	(55,632)	–	(55,632)
Total changes from financing cash flows	(13,666)	(35,804)	(356)	(49,826)
Other changes:				
Interest on bank borrowings	13,666	–	–	13,666
Interest on lease liabilities	–	–	29	29
Additions	–	–	3,050	3,050
Disposal of a subsidiary	(159,120)	(4,165)	–	(163,285)
Exchange realignment	(2,380)	(145)	9	(2,516)
Total other changes	(147,834)	(4,310)	3,088	(149,056)
At 31 March 2025	–	13,808	2,948	16,756

	Bank borrowings (note 25) HK$'000	Advances from shareholders (note 23) HK$'000	Lease liabilities (note 16) HK$'000	Total HK$'000
At 1 April 2023	169,762	28,594	659	199,015
Changes from financing cash flows:				
Finance costs paid	(15,004)	–	(24)	(15,028)
Payment of lease liabilities	–	–	(443)	(443)
Advances from shareholders	–	30,487	–	30,487
Repayment to shareholders	–	(4,648)	–	(4,648)
Total changes from financing cash flows	(15,004)	25,839	(467)	10,368
Other changes:				
Interest on bank borrowings	15,004	–	–	15,004
Interest on lease liabilities	–	–	24	24
Exchange realignment	(8,262)	(511)	–	(8,773)
Total other changes	6,742	(511)	24	6,255
At 31 March 2024	161,500	53,922	216	215,638

23. TRADE AND OTHER PAYABLES

	2025 HK$'000	2024 HK$'000
Trade payables:		
– Amounts due to third parties (note (i))	**1,606**	2,571
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 (note (ii))	**13,808**	53,922
	21,977	69,258

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.

24. CONTRACT LIABILITIES

	2025 HK$'000	2024 HK$'000
Contract liabilities arising from:		
Billing in advance of performance under		
– Made-to-order wooden products contracts with customers	**–**	1,724

24. CONTRACT LIABILITIES (CONTINUED)

Movements in contract liabilities:

	2025 HK$'000	2024 HK$'000
Balance as at 1 April	**1,724**	5,678
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(1,313)**	(3,710)
Increase in contract liabilities as a result of receiving deposits from customers	**1,617**	–
Disposal of a subsidiary (note 12)	**(1,999)**	–
Exchange realignment	**(29)**	(244)
	–	1,724

All the contract liabilities are expected to be recognised as revenue within two years.

25. BANK BORROWINGS

The Group's bank borrowings are analysed as follows:

	2025 HK$'000	2024 HK$'000
Bank borrowings		
– Secured (note)	**–**	161,500
Less: Current portion of bank borrowings	**–**	–
Other payables and accrued expenses:	**–**	161,500
Within 1 year	**–**	–
After 1 year but within 2 years	**–**	161,500
	–	161,500

Notes:

At 31 March 2024, long-term bank borrowings of approximately HK$161,500,000 were secured by land use rights of carrying amount of HK$31,499,000, property, plant and machinery of carrying amount of HK$75,083,000 and investment properties of carrying amount of HK$8,281,000.

After the completion of disposal on 28 February 2025 as detailed in note 12, the long-term bank borrowings of the disposed subsidiary were no longer consolidated in the Company's financial statements.

26. DEFERRED INCOME TAX

Deferred tax liabilities/(assets)	Fair value adjustment HK$'000	Revaluation of properties HK$'000	Total HK$'000
At 1 April 2023	3,922	(1,233)	2,689
Credited to the profit or loss (note 9(a))	(375)	(711)	(1,086)
Exchange adjustments	(187)	100	(87)
At 31 March 2024	3,360	(1,844)	1,516
(Credited)/charged to the profit or loss (note 9(a))	(464)	1,575	1,111
Disposal of a subsidiary (note 12)	(2,852)	(686)	(3,538)
Exchange adjustments	(44)	9	(35)
At 31 March 2025	–	(946)	(946)

Deferred tax assets not recognised

In accordance with the accounting policy set out in note 3.12(ii), the Group has not recognised deferred tax assets in respect of unused tax losses and temporary differences of approximately HK$3,856,000 at 31 March 2025 (2024: HK$72,476,000), as it is not probable that future taxable profits against which the losses and temporary differences can be utilised will be available in the relevant tax jurisdiction and entity.

27. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital HK$'000 (note 27(c))	Share premium HK$'000 (note 27(d)(i))	Exchange reserve HK$'000 (note 27(d)(iii))	Other reserve HK$'000 (note 27(d)(ii))	Accumulated losses HK$'000	Total HK$'000
At 1 April 2023	2,625	80,540	259	34,132	(79,963)	37,593
Total comprehensive expense for the year	–	–	(1,695)	–	(14,917)	(16,612)
At 31 March 2024	2,625	80,540	(1,436)	34,132	(94,880)	20,981
Total comprehensive expense for the year	–	–	(141)	–	(12,664)	(12,805)
At 31 March 2025	2,625	80,540	(1,577)	34,132	(107,544)	8,176

27. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Dividends

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

(c) Share capital

	Number of shares 000	Amount HK$'000
Authorised:		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025		
Ordinary shares of HK$0.01 each	10,000,000	100,000

	Number of shares 000	Amount HK$'000
Issued and fully paid:		
At 1 April 2023, 31 March 2024, 1 April 2024 and 31 March 2025	262,473	2,625

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by Section 34 of the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

(ii) Other reserve

Other reserve comprises:

- Capital contribution from the equity shareholders of the Company in the form of waived amounts due to them of HK$33,352,000.
- Other changes in equity arising from the Group reorganisation took place during the listing of the Company's shares in prior years.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences (i) arising from the translation of the financial statements of foreign operations into HK$ and (ii) arising on translating into presentation currency. The reserve is dealt with in accordance with the accounting policies set out in note 3.5.

27. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Property revaluation reserve

The property revaluation reserve of the Group represents the gain on revaluation of certain properties of the Group for own use as a result of transfer of those properties to investment properties.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of the ratio of total liabilities to total assets (i.e. the "liability-to-asset ratio"). During the year ended 31 March 2025 the Group's strategy was to maintain the liability-to-asset ratio at an acceptable level. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to equity shareholders, issue new shares, return capital to equity shareholders, raise new debt financing or sell assets to reduce debt. At 31 March 2025, the liability-to-asset ratio of the Group is 83.9% (2024: 115.8%).

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

28. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY

Statement of financial position of the Company

	Notes	2025 HK$'000	2024 HK$'000
ASSETS			
Non-current asset			
Investment in subsidiaries	29	**–***	–*
Current assets			
Amount due from subsidiaries		**24,427**	48,997
Other receivables		**27**	–
Cash and cash equivalents		**4**	232
Total current assets		**24,458**	49,229
LIABILITIES			
Current liability			
Other payables		**16,282**	28,248
Total current liability		**16,282**	28,248
NET CURRENT ASSETS		**8,176**	20,981
NET ASSETS		**8,176**	20,981
CAPITAL AND RESERVES			
Share capital	27(c)	**2,625**	2,625
Reserves		**5,551**	18,356
TOTAL EQUITY		**8,176**	20,981

* Amount less than HK$1,000

Approved and authorised for issue by the Board of Directors on 27 June 2025.

Li Yue	**Xue Zhao Qiang**
Chairman and Executive Director	*Executive Director*

29. INVESTMENT IN SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 March 2025 and 2024 were as follows:

Name of subsidiary	Place of incorporation and operations	Particulars of issued/registered and paid up capital	Proportion of ownership interest 2025		Proportion of ownership interest 2024		Principal activities
			Directly	**Indirectly**	Directly	Indirectly	
			%	%	%	%	
Access Well Limited	HK	10,000 shares	**100%**	**-**	100%	–	Investment holding
Lead Access International Holdings Limited	BVI	US$10	**100%**	**-**	100%	–	Investment holding
Global Sino Rich Limited	HK	10,000 shares	**-**	**100%**	–	100%	Investment holding
Hebei Jiapin Technology Limited ("Hebei Jiapin" 河北迦品科技有限公司) *	PRC	Registered capital of RMB50,000,000	**-**	**100%**	–	100%	Sale of wooden products
Hebei Youlin Technology Company Limited ("Hebei Youlin" 河北優林科技有限公司) * (note (i))	PRC	Registered capital of RMB50,000,000	**-**	**-**	–	100%	Sourcing,manufacturing and sale of wooden products
Hebei Wanjialai Technology Company Limited ("Hebei Wanjialai" 河北萬佳萊科技有限公司) *	PRC	Registered capital of RMB10,000,000	**-**	**100%**	–	100%	Dormant
Hebei Chuyou energy Technology Company Limited ("Hebei Chuyou" 河北儲優能科技有限公司)* (note(ii))	PRC	Registered capital of RMB10,000,000	**-**	**51%**	–	–	Dormant
Leading Effort Group Limited	BVI	US$10	**100%**	**-**	100%	–	Investment holding
Ace View International Limited	HK	1 share	**-**	**100%**	–	100%	Investment holding

* These companies are foreign owned enterprises established in Mainland China. The English translation of their names are for reference only. The official names of these companies are in Chinese.

Note:

(i) Pursuant to the sale and purchase agreement dated 23 October 2024 as disclosed in note 12, the Company disposed of its interests in this subsidiary during the year ended 31 March 2025.

(ii) The company was incorporated during the year. As at 31 March 2025, the company's registered capital has not been paid up and aggregated unpaid share capital comprised of approximately RMB5,100,000 (equivalent to approximately HKD5,464,000).

30. RELATED PARTY TRANSACTION

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the material related party transactions entered into by the Group during the year are set out below.

(a) Transactions with related parties

	2025 HK$'000	2024 HK$'000
Advances from shareholders	**19,828**	30,487
Repayment to shareholders	**(55,632)**	(4,648)

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the directors of the Company as disclosed in note 10, and certain of the highest paid employees as disclosed in note 11, is as follows:

	2025 HK$'000	2024 HK$'000
Short-term employee benefits	**1,272**	1,266
Contributions to defined contribution retirement plans	**18**	18
	1,290	1,284

Total remuneration is included in "staff costs" (see note 8(b)).

31. BANK FACILITIES

As at 31 March 2025, the Group had been granted a two-year facility agreement of RMB25,000,000 by bank, which was pledged by properties provided by an independent third party. On 29 May 2025, the Group and the bank rearranged the above bank facility with a new three-year term at the same amount which was guaranteed by an independent third party. Up the date of the report, the Group has not drawn down any funds from this facility.

32. CAPITAL COMMITMENTS

The Group did not have any material capital commitments as at 31 March 2025 and 2024.

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below:

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (continued)

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer or debtor rather than the industry in which the customers and the debtors operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 42% (2024: 26%) and 58% (2024: 64%) of the total trade receivables and contract assets was due from the continued operations' largest customer and the five largest customers, respectively.

Individual credit evaluations are performed on all customers. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group usually accepts letters of credit issued by commercial banks to facilitate payment in its trade with overseas customers and no credit period are granted to these customers. Most of the sales are settled by letters of credit. The credit risk is limited as the letters of credit are issued by banks with high credit ratings. For other customers, trade receivables are due with 30-90 days from date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is further distinguished between the Group's different customer bases.

As at 31 March 2025, contract assets of HK$11,000 is provision for impairment loss is made accordingly (note 21). The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of trade and other receivables, and contract assets.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 March 2025 and 31 March 2024:

		31 March 2025	
	Expected credit loss rate (%)	**Gross carrying amount (HK$'000)**	**Loss allowance (HK$'000)**
Within 365 days past due	**2.4%**	**2,303**	**56**
More than 365 days past due	**100%**	**28**	**28**
		2,331	**84**

		31 March 2024	
	Expected credit loss rate (%)	**Gross carrying amount (HK$'000)**	**Loss allowance (HK$'000)**
Within 365 days past due	4.13%	19,074	788
More than 365 days past due	100%	6,347	6,347
		25,421	7,135

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (continued)

Expected loss rate are based on the actual loss experience over the past 2 years. These rates are adjusted to reflect the differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of these receivables.

Movement in the loss allowance account in respect of trade receivable during the year is as follows:

	2025 **HK$'000**	2024 HK$'000
Balance at April 1	**7,135**	5,702
(Reversal of)/provision for impairment losses recognised during the year	**(595)**	1,727
Disposal of a subsidiary	**(6,358)**	–
Exchange difference	**(98)**	(294)
Balance at March 31	**84**	7,135

Other receivables
Management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the debtors.

The Group has assessed the recoverability of all overdue other receivables. The directors of the Group consider that no provision is necessary to cover the credit risk by reference to the counterparty's default history, except for receivable for trading of other goods.

The measures to manage credit risk have been followed by the Group since prior years and are considered to be effective.

As at 31 March 2025 and 2024, the loss allowance of other receivables is insignificant, except for receivable for trading of other goods.

The Group measures the loss allowance for receivable for trading of other goods of approximately HK$4,286,000 (2024: HK$1,380,000) when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group.

(b) Liquidity risk

The Company is responsible for the Group's overall cash management and the raising of borrowings to cover expected cash demands. The Group's policy is to regularly monitor its current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirement in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest dates the Group can be required to pay.

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk (continued)

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
As at 31 March 2025					
Trade and other payables (note 23)	**21,762**	**21,762**	**21,762**	**–**	**–**
Lease liabilities (note 16)	**2,948**	**3,469**	**704**	**666**	**2,099**
	24,710	**25,231**	**22,466**	**666**	**2,099**
As at 31 March 2024					
Trade and other payables (note 23)	66,794	66,794	66,794	–	–
Bank borrowings (note 25)	161,500	181,778	15,130	166,648	–
Lease liabilities (note 16)	216	219	219	–	–
	228,510	248,791	82,143	166,648	–

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period.

	2025 Effective interest rate %	**2025** HK$'000	2024 Effective interest rate %	2024 HK$'000
Fixed rate borrowings:				
Bank and other borrowings	**–**	**–**	9.24%	161,500
Lease liabilities	**5.88% – 6.85%**	**2,948**	5.13%	216
Total borrowings		**2,948**		161,716
Fixed rate borrowings as a percentage of total borrowings		**100%**		100%

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(c) Interest rate risk (continued)

(ii) Sensitivity analysis

At 31 March 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit/loss after tax and affected accumulated losses by approximately HK$nil (2024: HK$ nil).

The sensitivity analysis above indicates the instantaneous change in the Group's profit/loss after tax and accumulated losses assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those non-derivative financial instruments held by the Group which expose the Group to cash flow interest rate risk at the end of the reporting period. The impact on the Group's profit/loss after tax and accumulated losses is estimated as an annualised impact on interest expenses of such a change in interest rates.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily US$, HK$ and RMB. The Group manages this risk as follows:

(i) Recognised assets and liabilities

In respect of cash at bank, receivables, payables, and borrowings denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances and entering into forward foreign exchange contracts. The Group does not currently designate any hedge relationship on the forward foreign exchange contracts for the purpose of hedge accounting.

(ii) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in HK$, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	2025			2024		
	US$ HK$'000	**HK$ HK$'000**	**RMB HK$'000**	US$ HK$'000	HK$ HK$'000	RMB HK$'000
Cash at bank and on hand	**–**	**109**	**–**	–	828	–
Gross exposure arising from recognised assets and liabilities	**–**	**109**	**–**	–	828	–

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Currency risk (continued)

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit or loss after tax and accumulated losses that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between HK$ and US$ would be materially unaffected by any changes in movement in value of the US$ against other currencies.

	2025		2024	
	Increase/ (decrease) in foreign exchange rates	**Increase/ (decrease) in profit after tax losses HK$'000**	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in loss after tax HK$'000
HK$	**5%**	**4**	5%	31
	(5)%	**(4)**	(5)%	(31)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit/loss after tax and equity measured in the respective functional currencies, translated into HK$ at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency, which depends on the foreign currencies the Group is exposed to, may or may not have an effect on the Group's net assets. The analysis is performed on the same basis for the year ended 31 March 2024.

34. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 March 2025 and 2024 may be categorised as follows:

	2025 HK$'000	2024 HK$'000
Financial assets		
Financial assets measured at amortised cost		
– Trade and other receivables	**2,397**	24,732
– Cash and cash equivalents	**2,906**	955
	5,303	25,687
Financial liabilities		
Financial liabilities measured at amortised cost		
– Trade and other payables	**21,762**	66,794
– Bank and other borrowings	**–**	161,500
– Lease liabilities	**2,948**	216
	24,710	228,510

35. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 June 2025.

Summary of Financial Information

The following is a summary of the published consolidated results and of the assets and liabilities of the Group for the past five financial years:

	Year ended 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**21,240**	63,120	12,509	93,832	83,302
Profit/(loss) before taxation	**37,390**	(39,701)	(30,113)	(6,802)	(16,038)
Income tax (expense)/credit	**(1,111)**	1,086	1,145	1,242	1,074
Profit/(loss) for the year from continuing operations	**36,279**	(38,615)	(28,968)	(5,560)	(14,964)
(Loss)/profit for the year from discontinued operation	**–**	–	(226)	521	(12,535)
Profit/(loss) for the year	**36,279**	(38,615)	(29,194)	(5,039)	(27,499)
Attributable to:					
Equity shareholders/owners of the Company	**36,279**	(38,615)	(29,194)	(5,039)	(27,499)
Non-controlling interests	**–**	–	–	–	–
	36,279	(38,615)	(29,194)	(5,039)	(27,499)

	As at 31 March				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Non-current assets	**22,437**	145,563	184,903	209,554	295,372
Current assets	**7,261**	56,694	50,760	218,110	118,680
Current liabilities	**22,640**	71,198	223,159	199,706	87,999
Non-current liabilities	**2,285**	163,016	3,190	191,460	294,893
Total equity/(deficiency)	**4,773**	(31,957)	9,314	36,498	31,160
Attributable to:					
Equity shareholders/owners of the Company	**4,773**	(31,957)	9,314	36,498	31,160
Non-controlling interests	**–**	–	–	–	–
	4,773	(31,957)	9,314	36,498	31,160

Notes:

(1) The consolidated results of the Group for the years ended 31 March 2024 and 2025 are set out on page 32 of this annual report.

(2) The consolidated assets and liabilities of the Group at 31 March 2024 and 2025 are set out on page 33 of this annual report.

(3) The summary above does not form part of the audited consolidated financial statements.