

REPORT ON REVIEW OF FINANCIAL INFORMATION OF HEBEI YOULIN TECHNOLOGY COMPANY LIMITED

TO THE BOARD OF DIRECTORS OF STEED ORIENTAL (HOLDINGS) COMPANY LIMITED

Introduction

We have reviewed the unaudited financial information of Hebei Youlin Technology Company Limited (the “Target Company”) set out on pages 5 to 18 which comprises the statements of financial position as at 31 March 2022, 2023 and 2024 and 30 September 2024 and the statements of profit or loss and other comprehensive income, the statements of cash flows and the statements of changes in equity for each of the years ended 31 March 2022, 2023 and 2024 and for the six months ended 30 September 2023 and 2024 and explanatory notes (the “Financial Information”). The Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Steed Oriental (Holdings) Company Limited (the “Company”) in connection with the proposed disposal of entire share of the Target Company accordance with paragraph 19.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

The directors of the Company are responsible for the preparation and presentation of the Financial Information of the Target Company in accordance with the basis of preparation set out in note 2 to the Financial Information and paragraph 19.68(2)(a)(i) of the GEM Listing Rules. The directors are also responsible for such internal control as management determines is necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error. The Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Our responsibility is to express a conclusion on this Financial Information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of 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.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the HKICPA. A review of the financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Financial Information.

Emphasis of Matter - Material Uncertainty Related to Going Concern

Without qualifying our conclusion, we draw attention to note 2 to the Financial Information of the Target Company which indicates that the Target Company had net current liabilities of HK\$92,836,000 and net liabilities of HK\$29,182,000 as at 30 September 2024. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Target Company's ability to continue as a going concern.



BDO Limited

Certified Public Accountants

Hong Kong, 10 January 2025

APPENDIX II - FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the unaudited financial information of the Target Company which comprises the unaudited statements of financial position of the Target Company as at 31 March 2022, 2023 and 2024 and 30 September 2024 and the unaudited statements of profit or loss and other comprehensive income, unaudited statements of cash flows and unaudited statements of changes in equity for the years ended 31 March 2022, 2023 and 2024 and for the six months ended 30 September 2023 and 2024 and certain explanatory notes (altogether referred to as “Unaudited Financial Information”).

The Unaudited Financial Information has been prepared in accordance with paragraph 19.68(2)(a)(i) of the GEM Listing Rules and the basis of preparation as set out in note 2 to the Unaudited Financial Information.

The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the proposed disposal of the entire equity interest in the Target Company. The Company’s auditor, BDO Limited, has reviewed the Unaudited Financial Information of the Target Company in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the Company’s auditor to obtain assurance that the Company’s auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the Company’s auditor does not express an audit opinion. The Company’s auditor has issued an unmodified review report.

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE TARGET COMPANY

	Notes	For the year ended 31 March			For the six months ended 30 September	
		2022	2023	2024	2023	2024
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	3	93,622	12,453	62,408	36,746	11,297
Cost of sales		(71,018)	(10,384)	(47,685)	(26,656)	(10,726)
Gross profit		22,604	2,069	14,723	10,090	571
Other income		2,730	2,924	317	23	-
Other gains/(losses), net		121	1,234	(7,520)	(4)	606
Selling expenses		(176)	(83)	(84)	(58)	(52)
Administrative expenses		(10,459)	(6,673)	(6,368)	(3,566)	(2,356)
(Provision for)/reversal of expected credit loss of trade receivables		(570)	(4,015)	(1,628)	(1,069)	462
(Provision for)/reversal of expected credit loss of other receivables		-	(354)	(151)	(270)	10
(Provision for)/reversal of expected credit loss of contract assets		-	-	(5,484)	(5,449)	66
Impairment losses on non-current assets		-	-	(10,424)	-	-
Profit/(loss) from operations		14,250	(4,898)	(16,619)	(303)	(693)
Finance costs		(16,762)	(14,991)	(15,004)	(7,447)	(7,464)
Loss before taxation		(2,512)	(19,889)	(31,623)	(7,750)	(8,157)
Income tax (expense)/credit	4	(1,019)	(869)	3,552	(322)	(301)
Loss for the year/period		(3,531)	(20,758)	(28,071)	(8,072)	(8,458)
Other comprehensive income/(expense) for the year/period						
Items that will not be reclassified to profit or loss						
Exchange differences arising on translating into presentation currency		999	(1,727)	144	121	(607)
Revaluation gain on transfer of properties to investment properties, net of tax		-	-	6,834	-	-
Total comprehensive expense for the year/period attributable to equity shareholders of the Company		(2,532)	(22,485)	(21,093)	(7,951)	(9,065)

UNAUDITED STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

		31 March		30
		2022	2023	September
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2024</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
ASSETS AND LIABILITIES	Notes			
Non-current assets				
Property, plant and equipment	5	119,132	103,738	71,763
Investment properties	6	9,066	8,705	21,515
Right-of-use assets		34,843	31,452	27,923
Intangible assets		1,423	1,074	-
Other non-current assets		498	459	437
Total non-current assets		<u>164,962</u>	<u>145,428</u>	<u>121,638</u>
Current assets				
Inventories		15,904	19,372	26,360
Trade and other receivables	7	36,257	17,738	22,871
Contract assets		19,762	7,708	1,863
Amounts due from immediate holding company	9	27,864	7,740	7,407
Cash and cash equivalents		140	181	87
Total current assets		<u>99,927</u>	<u>52,739</u>	<u>58,588</u>
Current liabilities				
Trade and other payables		44,902	15,411	32,623
Contract liabilities		3,533	5,678	1,724
Bank borrowings	8	-	169,762	-
Total current liabilities		<u>48,435</u>	<u>190,851</u>	<u>34,347</u>
Net current assets/(liabilities)		<u>51,492</u>	<u>(138,112)</u>	<u>24,241</u>
Non-current liabilities				
Bank borrowings	8	184,042	-	161,500
Deferred income tax liabilities		5,626	6,055	4,496
Other non-current liabilities		2,967	-	-
Deferred income		358	285	-
Total non-current liabilities		<u>192,993</u>	<u>6,340</u>	<u>165,996</u>
Net assets/(liabilities)		<u>23,461</u>	<u>976</u>	<u>(20,117)</u>
Equity				
Paid-in capital		58,002	58,002	58,002
Reserves		(34,541)	(57,026)	(78,119)
Total equity/(deficiency)		<u>23,461</u>	<u>976</u>	<u>(20,117)</u>

UNAUDITED STATEMENTS OF CHANGES IN EQUITY OF THE TARGET COMPANY

	Paid-in capital <i>HK\$'000</i> (Unaudited)	Property revaluation reserve <i>HK\$'000</i> (Unaudited)	Exchange reserve <i>HK\$'000</i> (Unaudited)	Accumulate d losses <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Balance at 1 April 2021	58,002	3,003	2,894	(37,906)	25,993
Comprehensive income					
Loss for the year	-	-	-	(3,531)	(3,531)
Other comprehensive income					
Exchange differences arising on translating into presentation currency	-	-	999	-	999
Total comprehensive expense for the year	-	-	999	(3,531)	(2,532)
Balance at 31 March 2022 and 1 April 2022	58,002	3,003	3,893	(41,437)	23,461
Comprehensive income					
Loss for the year	-	-	-	(20,758)	(20,758)
Other comprehensive income					
Exchange differences arising on translating into presentation currency	-	-	(1,727)	-	(1,727)
Total comprehensive expense for the year	-	-	(1,727)	(20,758)	(22,485)
Balance at 31 March 2023 and 1 April 2023	58,002	3,003	2,166	(62,195)	976
Comprehensive income					
Loss for the year	-	-	-	(28,071)	(28,071)
Other comprehensive income					
Revaluation gain on transfer of properties to investment properties, net of tax	-	6,834	-	-	6,834
Exchange differences arising on translating into presentation currency	-	-	144	-	144
Total comprehensive expense for the year	-	6,834	144	(28,071)	(21,093)
Balance at 31 March 2024 and 1 April 2024	58,002	9,837	2,310	(90,266)	(20,117)
Comprehensive income					
Loss for the period	-	-	-	(8,458)	(8,458)
Other comprehensive income					
Exchange differences arising on translating into presentation currency	-	-	(607)	-	(607)
Total comprehensive expense for the period	-	-	(607)	(8,458)	(9,065)
Balance at 30 September 2024	58,002	9,837	1,703	(98,724)	(29,182)

	Paid-in capital <i>HK\$'000</i> (Unaudited)	Property revaluation reserve <i>HK\$'000</i> (Unaudited)	Exchange reserve <i>HK\$'000</i> (Unaudited)	Accumulated losses <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Balance at 1 April 2023	58,002	3,003	2,166	(62,195)	976
Comprehensive income					
Loss for the period	-	-	-	(8,072)	(8,072)
Other comprehensive income					
Exchange differences arising on translating into presentation currency	-	-	121	-	121
Total comprehensive expense for the period	-	-	121	(8,072)	(7,951)
Balance at 30 September 2023	58,002	3,003	2,287	(70,267)	(6,975)

UNAUDITED STATEMENTS OF CASH FLOWS OF THE TARGET COMPANY

	For the year ended 31 March			For the six months ended 30 September	
	2022	2023	2024	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
)))))
Operating activities					
Loss before taxation	(2,512)	(19,889)	(31,623)	(7,750)	(8,157)
Adjustments for:					
Depreciation					
- Property, plant and equipment	5,377	4,656	3,660	2,391	1,054
- Right-of-use assets	732	691	655	332	315
Provision for/(reversal of) impairment of inventories	2,881	54	(82)	42	(13)
Amortisation	255	240	229	116	-
Finance costs	16,762	14,991	15,004	7,447	7,464
Interest income	(3)	(1)	(1)	-	-
Provision for/(reversal of) expected credit loss of trade receivables	570	4,015	1,628	1,069	(462)
Provision for/(reversal of) expected credit loss of other receivables	-	354	151	270	(10)
Provision for/(reversal of) expected credit loss of contract assets	-	-	5,484	5,449	(66)
Fair value (gain)/loss on investment properties	(109)	(343)	-	-	39
Net (gain)/loss on disposal of property, plant and equipment	(12)	(972)	7,541	(10)	(634)
Impairment loss of non-current assets	-	-	10,424	-	-
Operating cash flows before movements in working capital	23,941	3,796	13,070	9,356	(470)
Decrease/(increase) in inventories	16,015	(4,777)	(7,921)	(22,194)	10,057
(Increase)/decrease in trade and other receivables	(12,795)	11,413	(7,830)	3,739	9,574
(Increase)/decrease in contract assets	(10,417)	10,568	36	1,994	1,930
Increase/(decrease) in trade and other payables	11,093	(3,530)	2,081	1,393	(1,283)
(Decrease)/increase in contract liabilities	(1,408)	2,430	(3,711)	(2,356)	(58)
Decrease in deferred income	(34)	(73)	(283)	(37)	-
Decrease in other non-current liabilities	(8,630)	(2,749)	-	-	-
Cash generated from/(used in) operations	17,765	17,078	(4,558)	(8,105)	19,750
Income tax paid	-	-	-	-	-
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	17,765	17,078	(4,558)	(8,105)	19,750
Cash flows from investing activities					
Payments for purchase of property, plant and equipment	(12,850)	(3)	(4,583)	(94)	(27)
Proceeds from disposal of property, plant and equipment	53	2,494	3,636	26	634
(Advances to)/repayments from immediate holding company	(15,390)	18,042	(44)	(55)	540
Interest received	3	1	1	-	-
Net cash (used in)/generated from investing activities	(28,184)	20,534	(990)	(123)	1,147

UNAUDITED STATEMENTS OF CASH FLOWS OF THE TARGET COMPANY - CONTINUED

	For the year ended 31 March			For the six months ended 30 September	
	2022	2023	2024	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from financing activities					
Finance costs paid	(16,757)	(14,955)	(14,983)	(7,029)	(5,737)
Advances from related parties	43,536	20,977	25,083	17,217	3,298
			(4,648)		(18,497)
Repayment to related parties	(25,952)	(43,603)		(2,035)	
Net cash generated from/(used in) financing activities	827	(37,581)	5,452	8,153	(20,936)
Net (decrease)/increase in cash and cash equivalents	(9,592)	31	(96)	(75)	(39)
Effect of foreign exchange rate changes	170	10	2	8	1
Cash and cash equivalents at beginning of year/period	9,562	140	181	181	87
Cash and cash equivalents at end of year/period	140	181	87	114	49

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. General Information

The Target Company is a limited liability company incorporated in PRC. The Target Company is a subsidiary of Steed Oriental (Holdings) Company Limited (the “Company”) and its subsidiary (collectively referred to as the “Group”), which own 100% equity interests in the Target Company. The Target Company principally engages in the sourcing, manufacturing and sale of wooden products. Part of the property, plant and equipment of the Target Company was transferred to Hebei Jiapin Technology Co., Limited (“Hebei Jiapin”), another indirectly wholly-owned subsidiary of the Company in January 2024. Since June 2024, Hebei Jiapin has taken on all new orders and is responsible for sourcing, manufacturing, and selling wooden products. Hebei Jiapin acts as the principal entity responsible for continuing the Group’s current business operations.

On 23 October 2024, the Vendor, an indirect wholly-owned subsidiary of the Company and the Purchaser entered into the Sale and Purchase Agreement (the “Agreement”), pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the entire equity interest in the Target Company, at the total consideration of RMB28.01 million (the “Disposal”). Upon completion of the Disposal, the Target Company will cease to be the subsidiary of the Company.

2. Basis of Preparation of the Unaudited Financial Information

The Unaudited Financial Information of the Target Company for the years ended 31 March 2022, 2023 and 2024 and for the six months ended 30 September 2023 and 2024 has been prepared in accordance with paragraph 19.68(2)(a)(i) of the GEM Listing Rules, and solely for the purposes of inclusion in this circular issued by the Company in connection with the Disposal.

The Unaudited Financial Information has been prepared in accordance with the same accounting policies as those adopted by the Company in preparation of the financial statements of the Group for those respective years, which conform with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. The Unaudited Financial Information has been prepared under the historical cost basis except for investment properties which are stated at their fair value. The Unaudited Financial Information is presented in HK\$ and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in HKAS 1 “Presentation of Financial Statements” nor an interim financial report as defined in HKAS 34 “Interim Financial Reporting” issued by the HKICPA and it should be read in conjunction with the relevant published annual and/or interim financial statements of the Company.

Going concern basis of accounting

The Unaudited Financial Information of the Target Company has been prepared on the going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding the Target Company had net current liabilities of HK\$92,836,000 and net liabilities of HK\$29,182,000 as at 30 September 2024. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Target Company’s ability to continue as a going concern and therefore the Target Company may not be able to realise its assets and discharge its liabilities in the normal course of business.

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

2. Basis of Preparation of the Unaudited Financial Information (Continued)

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 twelve months from the end of the reporting date ("Cash Flow Forecast") with the following taken into consideration when assessing the appropriateness of the use of the going concern for preparing the consolidated financial statements:

- The controlling shareholder of the Company has undertaken not to request the Target Company to repay the amounts of approximately HK\$7,208,000 due to her until the Target Company has sufficient liquidity which determined by the Target Company to finance its operations; and
- As disclosed in note 8, the bank borrowings amounting of approximately HK\$110,705,000 and HK\$54,246,000 are repayable on 28 June 2025 and 13 October 2025 respectively. Directors of the Company considered that the availability of assets to be used as collateral, there is a reasonable expectation that loans could be extended upon repayment date.

The directors of the Company, taking into account the following factors, are of the opinion that the Target Company will have sufficient working capital for its present operating requirements and for at least the next twelve months commencing from the date of issue of this circular. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the Unaudited Financial Information on a going concern basis.

The source of funds and the timing of their availability will vary depending on whether the Target Company is able to complete the Disposal. If the Disposal does not proceed eventually, the Company will provide financial support for the settlement of its existing financing obligations and for future operating and capital expenditures if needed. Along with other obligations that may fall due, the Company agreed to provide adequate funds to enable the Target Company to meet in full its financial obligations as and when they fall due for a period of not less than twelve months after the date of issue of this circular.

For loan from the controlling shareholder of the Company with carrying amount of RMB7,208,000 as at 30 September 2024, the controlling shareholder of the Company has undertaken not to request repayment from the Target Company until the Target Company has sufficient liquidity, as determined by the Target Company, to finance its operations.

If the Disposal proceeds and is completed, the Purchaser will endeavor to assist the Target Company to provide have sufficient cash resources to satisfy its future working capital and other financing requirements. The directors of the Company consider that the Purchaser will provide adequate funds enabling the Target Company to meet in full its financial obligations as and when they fall due for a post Disposal period up to end of twelve months after the date of issue of this circular.

Notwithstanding the above, a material uncertainty exists about the Target Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business, the Target Company's ability to continue as a going concern depends upon (i) the Company is financially viable to provide adequate funds to enable the Target Company to meet in full its financial obligations as and when they fall due for a period of not less than twelve months after the date of issue of this circular; and (ii) in the event that the Disposal is completed, the Purchaser will provide adequate funds enabling the Target Company to meet in full its financial obligations as and when they fall due for a post Disposal period up to the end of twelve months after the date of the issue of this circular.

2. Basis of Preparation of the Unaudited Financial Information (Continued)

Should the Target Company be unable to continue in business as a going concern, adjustments would have to be made in the financial information to write down the values of the assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of such adjustments has not yet been reflected in this Unaudited Financial Information.

3. Revenue

Revenue represents income from sales of wooden products. During the years ended 31 March 2022, 2023 and 2024 and the six months ended 30 September 2023 and 2024, unaudited sales of wooden products amounting to approximately HK\$93,622,000, HK\$12,453,000, HK\$62,408,000, HK\$36,746,000 and HK\$11,297,000 respectively.

4. Income tax (expense)/credit

	For the year ended 31 March			For the six months ended 30 September	
	2022	2023	2024	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Deferred income tax	(1,019)	(869)	3,552	(322)	(301)

The Target Company is subject to the PRC Corporate Income Tax rate of 25% for the years ended 31 March 2022, 2023 and 2024 and for the six months ended 30 September 2023 and 2024.

No provision for the PRC Corporate Income Tax for the years ended 31 March 2022, 2023 and 2024 and for the six months ended 30 September 2023 and 2024 as the Target Company incurred a tax loss.

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

5. Property, plant and equipment

	Buildings	Machinery	Furniture, fittings and equipment	Motor vehicles	Construction in progress	Total
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Cost						
At 1 April 2021	96,412	36,416	2,148	1,334	-	136,310
Additions	72	-	-	-	1,613	1,685
Exchange realignment	3,953	1,494	88	50	30	5,615
Disposals	-	-	-	(229)	-	(229)
At 31 March 2022 and 1 April 2022	100,437	37,910	2,236	1,155	1,643	143,381
Exchange realignment	(7,790)	(2,942)	(174)	(90)	(121)	(11,117)
Transfer from construction in progress	-	1,522	-	-	(1,522)	-
Disposals	-	(1,522)	-	-	-	(1,522)
At 31 March 2023 and 1 April 2023	92,647	34,968	2,062	1,065	-	130,742
Additions	171	-	-	-	-	171
Exchange realignment	(4,482)	(1,522)	(100)	(50)	-	(6,154)
Transfer to investment properties	(3,369)	-	-	-	-	(3,369)
Disposals	-	(19,910)	(6)	(253)	-	(20,169)
At 31 March 2024 and 1 April 2024	84,967	13,536	1,956	762	-	101,221
Exchange realignment	1,816	360	49	20	-	2,245
Disposals	-	3,369	317	160	-	3,846
At 30 September 2024	86,783	17,265	2,322	942	-	107,312

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

5. Property, plant and equipment - Continued

	Buildings HK\$'000 (Unaudited)	Machinery HK\$'000 (Unaudited)	Furniture, fittings and equipment HK\$'000 (Unaudited)	Motor vehicles HK\$'000 (Unaudited)	Constructi on in progress HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Accumulated depreciation and impairment losses						
At 1 April 2021	8,251	7,862	1,376	728	-	18,217
Charged for the year	2,442	2,599	174	162	-	5,377
Exchange realignment	383	371	60	29	-	843
Written back on disposal	-	-	-	(188)	-	(188)
At 31 March 2022 and 1 April 2022	11,076	10,832	1,610	731	-	24,249
Charged for the year	1,967	2,430	146	113	-	4,656
Exchange realignment	(867)	(851)	(126)	(57)	-	(1,901)
At 31 March 2023 and 1 April 2023	12,176	12,411	1,630	787	-	27,004
Charged for the year	2,123	1,309	139	89	-	3,660
Transfer to investment properties	(488)	-	-	-	-	(488)
Exchange realignment	(607)	(620)	(83)	(39)	-	(1,349)
Impairment loss for the year	-	9,219	274	130	-	9,623
Written back on disposal	-	(8,783)	(4)	(205)	-	(8,992)
At 31 March 2024 and 1 April 2024	13,204	13,536	1,956	762	-	29,458
Charged for the period	1,054	-	-	-	-	1,054
Exchange realignment	305	360	49	20	-	734
Written back on disposal	-	3,369	317	160	-	3,846
At 30 September 2024	14,563	17,265	2,322	942	-	35,092
Net carrying amount						
At 31 March 2022	89,361	27,078	626	424	1,643	119,132
At 31 March 2023	80,471	22,557	432	278	-	103,738
At 31 March 2024	71,763	-	-	-	-	71,763
At 30 September 2024	72,220	-	-	-	-	72,220

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

6. Investment properties

	For the year ended 31 March			For the six months ended 30 September 2024
Carrying amount, at fair value	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
At the beginning of the year/period	8,602	9,066	8,705	21,515
Fair value change	109	343	-	(39)
Revaluation gain on transfer of properties to investment properties	-	-	9,112	-
Transfer from property, plant and equipment	-	-	2,881	-
Transfer from right-of-use assets	-	-	1,361	-
Exchange realignment	355	(704)	(544)	460
At the end of the year/period	9,066	8,705	21,515	21,936

7. Trade and other receivables

	As at 31 March			As at 30 September 2024
	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Trade receivables	29,525	7,874	25,200	16,272
Less: Loss allowance	(1,808)	(5,664)	(7,001)	(6,680)
	27,717	2,210	18,199	9,592
Prepayments, deposits and other receivables				
- Prepayments for purchase of inventories	7,964	11,854	2,437	2,230
- Receivable for trading of other goods	-	3,906	2,705	2,708
- Others	576	120	15	23
	8,540	15,880	5,157	4,961
Less: Loss allowance	-	(352)	(485)	(486)
	8,540	15,528	4,672	4,475
	36,257	17,738	22,871	14,067

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

7. 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:

	As at 31 March			As at 30 September 2024
	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Within 30 days	6,877	1,218	7,487	903
31 to 60 days	923	-	6,384	876
61 to 90 days	4,685	-	-	-
91 to 180 days	9,120	-	4,328	4,150
180 to 365 days	6,112	992	-	3,663
	<u>27,717</u>	<u>2,210</u>	<u>18,199</u>	<u>9,592</u>

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

8. Bank borrowings

	As at 31 March			As at 30 September 2024
	2022 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Bank borrowings				
Secured (note (i))	184,042	169,762	161,500	164,951
Less: Current portion of bank borrowings	-	(169,762)	-	(110,705)
Non-current portion of bank borrowings	<u>184,042</u>	<u>-</u>	<u>161,500</u>	<u>54,246</u>
Within 1 year	-	169,762	-	110,705
After 1 year but within 2 years	<u>184,042</u>	<u>-</u>	<u>161,500</u>	<u>54,246</u>
	<u>184,042</u>	<u>169,762</u>	<u>161,500</u>	<u>164,951</u>

Notes:

- (i) At 31 March 2022, 2023 and 2024 and 30 September 2024, bank borrowings of approximately HK\$184,042,000, HK\$169,762,000, HK\$161,500,000 and HK\$164,951,000 were secured by land use rights, certain properties, plant and equipment and investment properties.

9. Amounts due from immediate holding company

10. Related party transactions

Transactions with related parties

[illegible]