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SATU

**SATU HOLDINGS LIMITED**

**舍圖控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8392)**

**THIRD QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE NINE MONTHS ENDED 31 DECEMBER 2018**

The board of directors (the “**Board**”) of Satu Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months and nine months ended 31 December 2018. This announcement, containing the full text of the third quarterly report of the Company for the three months and nine months ended 31 December 2018 (the “**2018/2019 Third Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to the information required to accompany the preliminary announcement of unaudited quarterly results. Printed version of the 2018/2019 Third Quarterly Report will be delivered to the shareholders of the Company and available for viewing on the websites of GEM at [www.hkgem.com](http://www.hkgem.com) and of the Company at [www.bnc.cc](http://www.bnc.cc) in due course.

By order of the Board  
**Satu Holdings Limited**  
**She Leung Choi**  
*Chairman*

Hong Kong, 1 February 2019

*As at the date of this announcement, the executive Directors are Mr. She Leung Choi, Ms. Chan Lai Yin, Mr. She Leung Ngai Alex; and the independent non-executive Directors are Mr. Ho Kim Ching, Mr. Chan Ching Sum Sam and Ms. Fan Pui Shan.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information*

*contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of 7 days from the date of its publication. This announcement will also be published on the Company’s website at [www.bnc.cc](http://www.bnc.cc).*

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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*This report, for which the directors (the “**Directors**”) of Satu Holdings 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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# MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the three months and nine months ended 31 December 2018, together with the comparative figures for the corresponding period in 2017.

## BUSINESS REVIEW AND OUTLOOK

The Group is a provider of homeware products with headquarters in Hong Kong. We are principally engaged in the design, development and production management of a wide variety of homeware products with operations in the People’s Republic of China (the “**PRC**” or “**China**”) and Hong Kong. We have built a diverse global customer portfolio comprising international brand owners and licensee, chain supermarkets and renowned department stores and our homeware products were principally exported overseas, with Europe being our major shipment destination. Our Group also sells our own branded products through e-commerce platform.

During the nine months ended 31 December 2018 (the “**Current Period**”), we actively participated in overseas trade show and exhibitions, namely ASD Market Week in Las Vegas and Maison and Objet in Paris, in order to broaden the customer base and enhance our brand recognition. In addition, our showroom in the PRC was fully renovated and a grand reopening gala was successfully held in September 2018. Our own e-commerce platforms were launched and started to operate in October 2018.

Although the recent Sino-U.S. trade war did not have direct material adverse impact on our business as U.S.’s tariff hike against China did not target at our homeware products from China, the implementation schedule of our plan to expand into the U.S. market was affected. As the Sino-U.S. trade war persisted and the global economic environment continued to deteriorate, the uncertainties in the macroeconomy, operating market and business environment further dampened the confidence of consumers and thus led to a drop in demand in the global market, which in turn exerted considerable pressure on our management and operation and adversely impact our business, financial performance and results of operations during the Current Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

Looking forward, with the Sino-U.S. trade war continuing, the economic turmoil is expected to keep looming large worldwide and inevitably affecting our business and financial performance. In view of the impact of the Sino-U.S. trade war, the challenge from keen competition in our homeware sector in the European market and the intense price competition for our products, it is expected that our Group will face significant challenges. To cope with this, our management will continue to broaden our customer base to capture market opportunities and actively look into any opportunities of business diversification to achieve long-term sustainability. The Group will work closer with our major customers by enhancing our quality and design services, and diversifying our product range. In addition, our e-commerce team is widening our product category in order to enlarge our market share in the fast-growing online distribution channel in the European and American markets. Nevertheless, the Group remains cautiously optimistic about the overall business prospects.

## FINANCIAL REVIEW

### Revenue

The revenue of the Group for the Current Period was approximately HK\$47.3 million, representing a decrease of approximately 17.6% as compared to that of approximately HK\$57.4 million for the nine months ended 31 December 2017 (the “**Corresponding Period in 2017**”). The decrease was attributable to the decrease in sales orders from three major customers during the Current Period.

### Cost of Sales

The cost of sales of the Group decreased by approximately 17.9% from approximately HK\$39.7 million for the Corresponding Period in 2017 to approximately HK\$32.6 million for the Current Period, which was in line with the decrease in revenue.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Gross Profit**

Gross profit dropped by approximately 16.9% to approximately HK\$14.7 million for the Current Period from approximately HK\$17.7 million for the Corresponding Period in 2017, which was in line with the decrease in revenue. The gross profit margin slightly increased from 30.8% for the Corresponding Period in 2017 to approximately 31.0% for the Current Period.

## **Selling and Distribution Expenses**

During the Current Period, the selling and distribution expenses of the Group amounted to approximately HK\$8.9 million, representing an increase of approximately 64.8% from approximately HK\$5.4 million for the Corresponding Period in 2017. The increase was mainly attributable to the rise in the headcount of marketing team, the salary increment of marketing team, transportation cost and advertising cost on e-commerce business.

## **Administrative and Other Operating Expenses**

The administrative expenses of the Group increased by approximately 54.5% from approximately HK\$6.6 million (excluding non-recurring listing expenses of approximately HK\$13.5 million) for the Corresponding Period in 2017 to approximately HK\$10.2 million for the Current Period. The increase in administrative expenses was mainly due to the increase in salaries, allowances and other benefits as a result of the Group's expansion on our management team and the increase in recurring corporate expenses after the Listing.

## **Income Tax Expense**

The Group's income tax expenses was approximately HK\$0.04 million for the Current Period, representing a decrease of approximately 96.4% as compared to approximately HK\$1.1 million for the Corresponding Period in 2017, which was mainly due to the decrease in profit before tax (excluding non-deductible and non-recurring listing expenses).

## Loss for the Period

The Group recorded loss of approximately HK\$2.5 million and HK\$8.1 million for the Current Period and the Corresponding Period in 2017 respectively. Excluding the impact of the non-recurring listing expenses, the Group recorded an adjusted profit of approximately HK\$5.4 million for the Corresponding Period in 2017. The turnaround from profit to loss was mainly attributable to the decrease in the Group's gross profit and the increase in expenses, in particular the staff costs and recurring corporate expenses after Listing as well as an increase in selling and distribution expenses due to the expansion of the Group's marketing team.

## SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a resolution of the then shareholders of the Company on 22 September 2017 to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No option has been granted up to 31 December 2018 and the date of this report.

## DIVIDENDS

The Board takes into account, among other factors, the Group's overall results of operation, financial position and capital requirements in considering the declaration of dividends. The Board does not recommend a payment of any dividend for the Current Period.

## CORPORATE GOVERNANCE

Pursuant to code provision A.2.1 of the Corporate Governance Code (“**CG Code**”) and Corporate Governance Report in Appendix 15 to the GEM Listing Rules, the role of chairman and the chief executive should be segregated and should not be performed by the same individual. However, we do not have a separate chairman and chief executive and Mr. She Leung Choi (“**Mr. She**”) currently performs these two roles. Our Board believes that vesting the roles of both chairman and chief executive in Mr. She has the benefit of ensuring consistent leadership within our Group and facilitates and enhances more effective and efficient overall strategic planning and management decision-making for our Group. Our Board considers that the balance of power and authority under the present arrangement will not be impaired and this structure enables our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider separating the roles of chairman of our Board and chief executive of our Company when it is appropriate and suitable, taking into account the circumstances and operational needs of our Group as a whole with due regard to business efficacy and efficiency.

Save for the deviation from the code provision of A.2.1 of the CG Code, the Company has adopted and complied with the code provisions of the CG Code as set out in Appendix 15 of the GEM Listing Rules, for the Current Period.

## CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors’ securities transactions 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 Company has made specific enquiry with all Directors, and all Directors have confirmed that they have complied with the required standard of dealings and the code of conduct regarding directors’ securities transactions adopted by the Company for the Current Period up to the date of this report.

## OTHER INFORMATION

### INTEREST AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 31 December 2018, so far as our Directors are aware, the persons (other than the Directors and chief executive of the Company) who will have or be deemed or taken to have interests and/or short positions in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO will be as follows:

Name of Shareholder	Capacity	Number of Shares held (Note 1)	Approximate percentage of shareholding
Hearthfire Limited ("Hearthfire")	Beneficial owner	611,250,000 (L) (Note 2)	61.125%
Top Clay Limited ("Top Clay")	Beneficial owner	52,500,000 (L) (Note 3)	5.25%
Ms. Sze Sau Taap ("Ms. Sze")	Interest of controlled corporation	52,500,000 (L) (Note 3)	5.25%
Present Moment Limited ("Present Moment")	Beneficial owner	86,250,000 (L) (Note 4)	8.625%

Notes:

1. The letter "L" denotes a long position in the shareholder's interest in the Shares.
2. Hearthfire is wholly-owned by Mr. She, an executive Director, and by virtue of the SFO, Mr. She is deemed to be interested in all the Shares held by Hearthfire.
3. Top Clay is wholly-owned by Ms. Sze and by virtue of the SFO, Ms. Sze is deemed to be interested in all the Shares held by Top Clay.
4. Present Moment is wholly-owned by Ms. Chan Lai Yin ("Ms. Chan"), an executive Director, and by virtue of the SFO, Ms. Chan is deemed to be interested in all the Shares held by Present Moment.

## OTHER INFORMATION

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

As at 31 December 2018, the interests or short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or (b) to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules will be as follows:

#### (i) Interest in the Company

Name of Director	Capacity	Number of Shares held (Note 1)	Approximate percentage of shareholding
Mr. She	Interest of controlled corporation	611,250,000 (L) (Note 2)	61.125%
Ms. Chan	Interest of controlled corporation	86,250,000 (L) (Note 3)	8.625%

Notes:

1. The letter "L" denotes a long position in the Director's interest in the Shares.
2. 611,250,000 Shares held by Hearthfire, which is wholly-owned by Mr. She, an executive Director, and by virtue of the SFO, Mr. She is deemed to be interested in all the Shares held by Hearthfire.
3. 86,250,000 Shares held by Present Moment, which is wholly-owned by Ms. Chan, an executive Director, and by virtue of the SFO, Ms. Chan is deemed to be interested in all the Shares held by Present Moment.

## OTHER INFORMATION

### (ii) Interest in associated corporations

Name of Director	Name of associated corporation	Capacity	Number of shares in associated corporation held (L)	Approximate percentage of shareholding
Mr. She	Hearthfire	Beneficial owner	1 share of US\$1.00 each	100%

*Note:* The letter “L” denotes a long position in the Director’s interest in the shares of the associated corporation.

### COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that competed or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person had or might have with the Group during the nine months ended 31 December 2018.

### INTERESTS OF COMPLIANCE ADVISER

As at 31 December 2018 and the date of this report, as notified by the Company’s compliance adviser, Sunfund Capital Limited (the “**Compliance Adviser**”), except for the compliance adviser agreement dated 12 June 2017 entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates (as defined in the GEM Listing Rules) had any interests in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the nine months ended 31 December 2018.

## OTHER INFORMATION

### AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 22 September 2017 with its written terms of reference in compliance with the GEM Listing Rules. The Audit Committee, comprising three independent non-executive Directors, namely Mr. Ho Kim Ching, Mr. Chan Ching Sum Sam and Ms. Fan Pui Shan, has reviewed the accounting standards and policies adopted by the Group and the quarterly report including the unaudited condensed consolidated financial information of the Group for the nine months ended 31 December 2018.

By order of the Board  
**Satu Holdings Limited**  
**She Leung Choi**  
*Chairman*

Hong Kong, 1 February 2019

*As at the date of this report, the executive Directors are Mr. She Leung Choi, Ms. Chan Lai Yin, Mr. She Leung Ngai Alex; and the independent non-executive Directors are Mr. Ho Kim Ching, Mr. Chan Ching Sum Sam and Ms. Fan Pui Shan.*

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine months ended 31 December 2018

	Notes	Nine months ended 31 December		Three months ended 31 December	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
<b>Revenue</b>	4	47,273	57,401	19,787	21,553
Cost of sales		(32,617)	(39,743)	(13,508)	(16,197)
<b>Gross profit</b>		14,656	17,658	6,279	5,356
Other income and net gains	4	1,971	831	1,200	404
Selling and distribution expenses		(8,928)	(5,384)	(4,033)	(2,347)
Administrative and other operating expenses		(10,188)	(20,058)	(4,256)	(6,080)
<b>Loss from operations</b>		(2,489)	(6,953)	(810)	(2,667)
Finance costs	5	(19)	(67)	(5)	(19)
<b>Loss before tax</b>		(2,508)	(7,020)	(815)	(2,686)
Income tax expense	6	(40)	(1,113)	17	(160)
<b>Loss for the period</b>	7	(2,548)	(8,133)	(798)	(2,846)
Attributable to:					
Owners of the Company		(2,548)	(8,133)	(798)	(2,846)
Non-controlling interests		–	–	–	–
		(2,548)	(8,133)	(798)	(2,846)
<b>Loss per share attributable to owners of the Company</b>					
Basic and diluted	8	HK(0.25) cents	HK(0.81) cents	HK(0.08) cents	HK(0.28) cents

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2018

	Nine months ended 31 December		Three months ended 31 December	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
<b>Loss for the period</b>	<b>(2,548)</b>	<b>(8,133)</b>	<b>(798)</b>	<b>(2,846)</b>
<b>Other comprehensive income:</b> <i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	(29)	12	(16)	1
<b>Other comprehensive income for the periods, net of tax</b>	<b>(2,577)</b>	<b>12</b>	<b>(814)</b>	<b>1</b>
<b>Total comprehensive income for the periods</b>	<b>(2,577)</b>	<b>(8,121)</b>	<b>(814)</b>	<b>(2,845)</b>
Attributable to:				
Owner of the Company	(2,577)	(8,121)	(814)	(2,845)
Non-controlling interests	-	-	-	-
	<b>(2,577)</b>	<b>(8,121)</b>	<b>(814)</b>	<b>(2,845)</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2018

	Attributable to owners of the Company					Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained earnings HK\$'000			
At 1 April 2017	20	–	8	(38)	23,401	23,391	–	23,391
Loss and total comprehensive income for the period	–	–	–	12	(8,133)	(8,121)	–	(8,121)
Shares issued under Reorganisation	360	–	(360)	–	–	–	–	–
Capitalisation issue	7,120	(7,120)	–	–	–	–	–	–
Issue of new Shares by way of Share Offer	2,500	52,500	–	–	–	55,000	–	55,000
Transaction costs attributable to issue of new Shares	–	(8,515)	–	–	–	(8,515)	–	(8,515)
Dividends	–	–	–	–	(7,000)	(7,000)	–	(7,000)
At 31 December 2017 (unaudited)	10,000	36,865	(352)	(26)	8,268	54,755	–	54,755
At 1 April 2018	10,000	36,793	(352)	(10)	11,467	57,898	–	57,898
Loss and total comprehensive income for the period	–	–	–	(29)	(2,548)	(2,577)	–	(2,577)
At 31 December 2018 (unaudited)	10,000	36,793	(352)	(39)	8,919	55,321	–	55,321

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*For the nine months ended 31 December 2018*

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability and is domiciled in Hong Kong. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is Unit 2504, 25/F., Nanyang Plaza, 57 Hung To Road, Kwun Tong, Hong Kong. The Company's shares are listed on the GEM of the Stock Exchange on 16 October 2017.

The Company is an investment holding company. The principal activities of its principal subsidiaries are the design, development and production management of a wide variety of homeware products.

In the opinion of the Directors, as at 31 December 2018, Hearthfire Limited, a company incorporated in the British Virgin Islands (the "BVI") is the immediate and ultimate parent, and Mr. She, who is the director of the Company, is the ultimate controlling party.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial information for the nine months ended 31 December 2018 has been prepared in accordance with the applicable disclosure requirement of the GEM Listing Rules, and with applicable Hong Kong Accounting Standards ("HKAS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed consolidated financial information and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs").

The unaudited condensed consolidated financial information have been prepared in accordance with the same accounting policies adopted in the audited financial statements for the year ended 31 March 2018, expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in note 3. The preparation of the unaudited condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 31 December 2018

## 2. BASIS OF PREPARATION (CONTINUED)

The unaudited condensed consolidated financial information have been prepared under the historical cost convention. The unaudited condensed consolidated financial information are unaudited but has been reviewed by the Company's audit committee.

This unaudited condensed consolidated financial information are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("HK\$'000") unless otherwise indicated.

## 3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2018, as described in those annual financial statements. For the nine months ended 31 December 2018, the Group has applied, for the first time, the following amendments issued by the HKICPA:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC) 22	Foreign Currency Transactions and Advance Consideration

The application of the above amendments to HKFRSs for the nine months ended 31 December 2018 has had no material effect on the amounts reported in the unaudited condensed consolidated financial information and/or disclosures set out in the unaudited condensed consolidated financial information.

The Group has not early adopted any new or revised HKFRSs that have been issued but are not yet effective in the unaudited condensed consolidated financial information.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 31 December 2018

## 4. REVENUE AND SEGMENT INFORMATION

Revenue and other income and net gains recognised are as follows:

	Nine months ended 31 December		Three months ended 31 December	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
<b>Revenue</b>				
Sales of homeware products	47,273	57,401	19,787	21,553
<b>Other income and net gains</b>				
Interest income	280	22	86	21
Packaging income	118	403	83	115
Sampling income	98	129	17	82
Gain on disposal of property, plant and equipment	–	47	–	–
Exchange gain, net	1,146	–	821	–
Others	329	230	193	186
	<b>1,971</b>	<b>831</b>	<b>1,200</b>	<b>404</b>

### Segment information

The executive directors of the Company, being the chief operating decision maker, regularly review revenue analysis by customers and by locations. The executive directors of the Company considered the operating activities of designing and trading of homeware products as a single operating segment. The operating segment has been identified with reference to the internal management reports and is regularly reviewed by the executive directors of the Company. The executive directors of the Company review the overall results, assets and liabilities of the Group as a whole to make decisions about resources allocation. Accordingly, no analysis of this single operating segment is presented.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 31 December 2018

## 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Geographical information

Revenue from external customers, based on location of delivery to customers is as follows:

	Nine months ended 31 December		Three months ended 31 December	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Revenue				
United Kingdom	15,893	20,507	5,407	8,686
Denmark	10,688	13,275	3,035	3,659
United States	5,451	2,388	4,247	954
France	3,972	6,319	2,684	2,290
Australia	2,027	594	642	254
Poland	1,517	2,924	1,014	1,590
Italy	953	1,340	344	586
Others	6,772	10,054	2,414	3,534
	<b>47,273</b>	<b>57,401</b>	<b>19,787</b>	<b>21,553</b>

An analysis of the Group's non-current assets by their geographical location is as follows:

	As at 31 December 2018 HK\$'000 (unaudited)	As at 31 March 2018 HK\$'000 (audited)
Hong Kong	649	950
PRC	7,221	124
	<b>7,870</b>	<b>1,074</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 31 December 2018

## 4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	Nine months ended 31 December		Three months ended 31 December	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Customer A	9,384	11,977	2,358	3,795
Customer B	9,188	11,030	3,881	3,025
Customer C	5,651	13,854	2,247	6,506

## 5. FINANCE COSTS

	Nine months ended 31 December		Three months ended 31 December	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Finance lease charges	19	31	5	8
Interest on bank borrowings	–	36	–	11
	19	67	5	19

## 6. INCOME TAX EXPENSE

	Nine months ended 31 December		Three months ended 31 December	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Current tax — Hong Kong Profits Tax	40	1,113	(17)	160

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*For the nine months ended 31 December 2018*

## 6. INCOME TAX EXPENSE (CONTINUED)

The Company was incorporated in the Cayman Islands and B & C Industries (BVI) Limited was incorporated in the BVI that are tax exempted as no business having been or being carried out in the Cayman Islands and the BVI under the tax laws of the Cayman Islands and the BVI respectively.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the Current Period, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime for the qualifying corporation and the remaining corporations are calculated at a flat rate of 16.5% (the Corresponding Period in 2017: 16.5%).

Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

No PRC enterprise income tax has been made since the Group did not generate any assessable profits arising in the PRC for the nine months ended 31 December 2018 and 2017.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 31 December 2018

## 7. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	Nine months ended 31 December		Three months ended 31 December	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Auditor's remuneration	505	755	164	255
Cost of homeware products	29,939	33,924	12,055	12,988
Depreciation	1,282	382	995	155
Foreign exchange (gain)/loss, net	(1,146)	23	(821)	22
Listing expenses	–	13,470	–	3,109
Operating lease charges in respect of:				
— Office premises	1,961	1,456	718	563
Staff costs including directors' emoluments				
— Salaries, allowances and bonus	7,345	4,207	2,770	1,652
— Retirement benefit scheme contributions	231	294	49	126

## 8. LOSS PER SHARE

### Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the three months and nine months ended 31 December 2018 of approximately HK\$798,000 and HK\$2,548,000 respectively (Loss of three months and nine months ended 31 December 2017: approximately HK\$2,846,000 and HK\$8,133,000 respectively) and the weighted average of 1,000,000,000 ordinary shares in issue during the three months and nine months ended 31 December 2017 and 2018.

### Diluted loss per share

There were no potential dilutive ordinary shares outstanding during the three months and nine months ended 31 December 2017 and 2018, and hence the diluted loss per share is the same as basic loss per share.

## 9. DIVIDENDS

The Directors do not recommend a payment of dividend of the Company for the nine months ended 31 December 2018.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 31 December 2018

## 10. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in this report, the Group had the following transactions with its related parties:

	Nine months ended 31 December		Three months ended 31 December	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Rental expense to Pansino Homeware (Shenzhen) Co., Ltd.* (泛華家居用品(深圳)有限公司) (“Pansino Shenzhen”)	1,254	971	418	381

\* For identification purpose only

- (b) The remuneration of directors and other members of key management was as follows:

	Nine months ended 31 December		Three months ended 31 December	
	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Short-term benefits	1,975	912	609	361

- (c) Legal charge over the property owned by Ms. Sze and Mr. Sai Wing Hong against the banking facilities granted to the Group as at 31 March 2017 was released in June 2017.
- (d) A trademark owned by Pansino Shenzhen was used by the Group free of charge for the nine months ended 31 December 2017 until the trademark was disposed of by Pansino Shenzhen in April 2017.