



SATU

SATU HOLDINGS LIMITED
舍圖控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 8392



2017/18

THIRD QUARTERLY REPORT

第三季度報告

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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 2017, together with the comparative figures for the corresponding period in 2016. The information should be read in conjunction with the prospectus of the Company dated 29 September 2017 (the “**Prospectus**”).

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 (“**PRC**”) and Hong Kong, and has built a diverse global customer portfolio comprising international brand owners and licensee, chain supermarkets and renowned department stores. Our homeware products were exported to overseas, with Europe being our major shipment destination. Our Group also commenced the sales of our own branded products which are being sold through third party e-commerce platform since August 2016.

The Group’s competitive strengths include (i) well-established relationships with our major customers which are international brand owners and licensee, chain supermarkets and renowned department stores; (ii) strong and established product design and development capabilities; (iii) streamlined business model which allows us to manage our cost effectively; (iv) stringent quality assurance system and (v) experienced and dedicated management team with extensive industry experience.

The shares (the “**Shares**”) of the Company were listed on the GEM of the Stock Exchange on 16 October 2017 (the “**Listing**”).

Looking forward, we will continue to seize opportunities to strengthen our position in the homeware products industry by (i) broadening the existing customer base, increasing our market share in the existing target markets and expanding into new market; (ii) enhancing design and development capabilities; (iii) enhancing brand recognition and awareness and promoting our corporate reputation; and (iv) enhancing our quality assurance system.

MANAGEMENT DISCUSSION AND ANALYSIS

The future plans of our Group are detailed in the section headed “Future Plans and Use of Proceeds” in the Prospectus. During the nine months ended 31 December 2017, there was no material adverse change in the general economic and market conditions in the PRC and Hong Kong or the industry in which the Group operates that had affected or would affect the business operation or financial condition materially and adversely.

As the unemployment rate remains at a multi-year low and the industrial production market condition soars, it is expected that the Eurozone’s economy will gain its momentum and see a prosperous future in the upcoming year. Riding on the favorable market environment, our Group will attempt to expand our footprint in Europe, our largest market, by participating in trade fair. Together with our strong design and product development capabilities, our Group is optimistic to capture the opportunity in Europe’s quality homeware market.

FINANCIAL REVIEW

Revenue

The Group’s revenue for the nine months ended 31 December 2017 was approximately HK\$57.4 million, representing an increase of approximately 22.4% as compared that of approximately HK\$46.9 million for the nine months ended 31 December 2016. Such growth in revenue was primarily due to increase in sales orders from two major customers and increase in sales through third party e-commerce platform during the nine months ended 31 December 2017.

Cost of Sales

The Group’s cost of sales increased by approximately 37.4% from approximately HK\$28.9 million for the nine months ended 31 December 2016 to approximately HK\$39.7 million for the nine months ended 31 December 2017. This was mainly attributable to the increase in sales volume procured by certain major customers and through third party e-commerce platform during the nine months ended 31 December 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit

Gross profit remained stable at approximately HK\$17.7 million for the nine months ended 31 December 2017 as compared to approximately HK\$18.0 million for the nine months ended 31 December 2016. The gross profit margin dropped from approximately 38.4% for the nine months ended 31 December 2016 to approximately 30.8% for the nine months ended 31 December 2017 mainly because the Group has offered a relatively lower price to certain major customers for their increase in procurement volume during the nine months ended 31 December 2017.

Selling and Distribution Expenses

During the nine months ended 31 December 2017, selling and distribution expenses increased to approximately HK\$5.4 million, representing an increase of approximately 25.6%, from approximately HK\$4.3 million for the nine months ended 31 December 2016. Such increase was in line with the growth of revenue during the nine months ended 31 December 2017.

Administrative Expenses

The Group's administrative expenses increased by approximately 415.4% from approximately HK\$3.9 million for the nine months ended 31 December 2016 to approximately HK\$20.1 million for the nine months ended 31 December 2017. Such increase was mainly due to non-recurring listing expenses, the increase in salaries, allowances and other benefits and provision for audit fee as a result of the Group's expansion on management team and recurring incidental expenses for Listing.

During the nine months ended 31 December 2017, the Group incurred listing expenses of approximately HK\$13.5 million, which was non-recurring in nature.

Income tax expense

The Group's income tax expenses was approximately HK\$1.1 million for the nine months ended 31 December 2017, decreased by approximately 35.3% as compared to approximately HK\$1.7 million for the nine months ended 31 December 2016, which was mainly due to the increase in costs and expenses causing the decrease in profit before tax.

Loss for the period

The Group recorded loss of approximately HK\$8.1 million for the nine months ended 31 December 2017 after deducting the listing expenses of approximately HK\$13.5 million, while profit of approximately HK\$8.6 million for the nine months ended 31 December 2016 was recorded. Taking no account of the impact of the listing expenses, the Group recorded profit of approximately HK\$5.4 million, representing a year-on-year decrease of approximately 37.2%. The decrease was mainly attributable to the increase in selling and distribution expenses and administrative expenses, in particular the staff costs and the provision for audit.

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 2017 and the date of this report.

DIVIDENDS

During the nine months ended 31 December 2017, a subsidiary of the Company had declared a dividend of HK\$7.0 million to its then shareholders in proportion to their respective shareholdings. The dividend of HK\$7.0 million was paid in October 2017 prior to Listing.

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 a dividend for the nine months ended 31 December 2017.

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 enables more effective and efficient overall strategic planning for our Group. Our Board considers that the balance of power and authority for 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 splitting the roles of chairman of our Board and chief executive of our Company when it is appropriate and suitable, taking into account the circumstances of our Group as a whole.

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, since Listing to 31 December 2017.

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 from the date of Listing up to 31 December 2017 and the date of this report.

OTHER INFORMATION

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

As at 31 December 2017, 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 2017, 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 2017.

INTERESTS OF COMPLIANCE ADVISER

As at 31 December 2017 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 under 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 2017.

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 2017.

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

Hong Kong, 2 February 2018

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 2017

		Nine months ended 31 December		Three months ended 31 December	
		2017	2016	2017	2016
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
	Notes				
Revenue	4	57,401	46,939	21,553	12,912
Cost of sales		(39,743)	(28,895)	(16,197)	(7,604)
Gross profit		17,658	18,044	5,356	5,308
Other income and net gains	4	831	451	404	243
Selling and distribution expenses		(5,384)	(4,327)	(2,347)	(1,935)
Administrative and other operating expenses		(20,058)	(3,887)	(6,080)	(1,277)
(Loss)/profit from operations		(6,953)	10,281	(2,667)	2,339
Finance costs	5	(67)	(24)	(19)	(8)
(Loss)/profit before tax		(7,020)	10,257	(2,686)	2,331
Income tax expense	6	(1,113)	(1,652)	(160)	(302)
(Loss)/profit for the periods	7	(8,133)	8,605	(2,846)	2,029
Attributable to:					
Owners of the Company		(8,133)	8,527	(2,846)	1,893
Non-controlling interests		-	78	-	136
		(8,133)	8,605	(2,846)	2,029
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company					
Basic and diluted	8	HK(0.81) cents	HK0.85 cents	HK(0.28) cents	HK0.19 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2017

	Nine months ended 31 December		Three months ended 31 December	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
(Loss)/profit for the periods	(8,133)	8,605	(2,846)	2,029
Other comprehensive income:				
<i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	12	(27)	1	(16)
Other comprehensive income for the periods, net of tax	12	(27)	1	(16)
Total comprehensive income for the periods	(8,121)	8,578	(2,845)	2,013
Attributable to:				
Owner of the Company	(8,121)	8,497	(2,845)	1,877
Non-controlling interests	-	81	-	136
	(8,121)	8,578	(2,845)	2,013

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2017

	Attributable to owners of the Company							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	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 April 2016	20	-	5	(20)	13,348	13,353	(279)	13,074
Profit and total comprehensive income for the period	-	-	-	(30)	8,527	8,497	81	8,578
At 31 December 2016 (unaudited)	20	-	5	(50)	21,875	21,850	(198)	21,652
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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 31 December 2017

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 2017, 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 2017 has been prepared in accordance with the applicable disclosure requirement of the GEM Listing Rules, and with applicable Hong Kong Accounting Standard ("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 Hong Kong Financial Reporting Standards ("HKFRSs").

Pursuant to the group reorganisation as set out in the section headed "History, Development and Reorganisation" in the Prospectus, which was completed on 21 September 2017 (the "Reorganisation"), the Company became the holding company of its subsidiaries now comprising the Group. The shares of the Company were listed on the GEM of the Stock Exchange on 16 October 2017. The unaudited condensed consolidated financial information of the Group has been prepared as if the Group had always been in existence throughout both periods presented, or since the respective dates of incorporation or establishment of the group companies, rather than from the date when the Company became the holding company pursuant to the Reorganisation.

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 2017 as set out in the Appendix I of the Prospectus, except for the accounting policy changes that are expected to be reflected in the 2018 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 2017

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 2017, as described in those annual financial statements. In the current period, the Group has applied, for the first time, the following amendments issued by the HKICPA:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The application of the above amendments to HKFRSs in the current period 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 2017

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	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue				
Sales of homeware products	57,401	46,939	21,553	12,912
Other income and net gains				
Interest income	22	–	21	–
Packaging income	403	164	115	159
Sampling income	129	126	82	26
Gain on disposal of property, plant and equipment	47	–	–	–
Others	230	161	186	58
	831	451	404	243

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 2017

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	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue				
United Kingdom	20,507	14,030	8,686	5,002
Denmark	13,275	13,754	3,659	959
France	6,319	2,659	2,290	796
United States	2,388	1,733	954	1,275
Poland	2,924	1,484	1,590	446
Italy	1,340	793	586	163
Australia	594	1,571	254	47
Others	10,054	10,915	3,534	4,224
	57,401	46,939	21,553	12,912

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

	As at 31 December 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
	Hong Kong	1,125
PRC	182	326
	1,307	729

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 31 December 2017

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	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Customer A	11,977	8,369	3,795	2,156
Customer B	11,030	12,759	3,025	451
Customer C	13,854	5,401	6,506	1,695

5. FINANCE COSTS

	Nine months ended 31 December		Three months ended 31 December	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Finance lease charges	31	–	8	–
Interest on bank borrowings	36	24	11	8
	67	24	19	8

6. INCOME TAX EXPENSE

	Nine months ended 31 December		Three months ended 31 December	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Current tax — Hong Kong Profits Tax	1,113	1,652	160	302

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 31 December 2017

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 carried in the Cayman Islands and the BVI under the tax laws of the Cayman Islands and the BVI respectively.

Hong Kong Profits Tax has been calculated at a rate of 16.5% on the estimated assessable profits for the three months and nine months ended 31 December 2017 and 2016.

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 three months and nine months ended 31 December 2017 and 2016.

7. (LOSS)/PROFIT FOR THE PERIODS

The Group's (loss)/profit for the periods is stated after charging the following:

	Nine months ended 31 December		Three months ended 31 December	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Auditor's remuneration	755	70	255	25
Cost of homeware products	33,924	25,160	12,988	6,008
Depreciation	382	238	155	79
Foreign exchange loss, net	23	261	22	101
Listing expenses	13,470	–	3,109	–
Operating lease charges in respect of:				
— Office premises	1,456	1,118	563	349
Staff costs including directors' emoluments				
— Salaries, allowances and bonus	4,207	3,011	1,652	1,073
— Retirement benefit scheme contributions	294	184	126	40

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 31 December 2017

8. (LOSS)/EARNING PER SHARE

Basic (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to owners of the Company for the three months and nine months ended 31 December 2017 of loss of HK\$2,846,000 and HK\$8,133,000 respectively (Three months and nine months ended 31 December 2016: profit of HK\$1,893,000 and HK\$8,527,000 respectively) and the weighted average of 1,000,000,000 ordinary shares in issue during the three months and nine months ended 31 December 2016 and 2017.

The number of ordinary shares for the purpose of calculating basic (loss)/earnings per share has been determined on the assumption that the Reorganisation and the capitalisation issue as set out in the section headed "History, Development and Reorganisation" to the Prospectus had been effective on 1 April 2016.

Diluted (loss)/earnings per share

There were no potential dilutive ordinary shares outstanding during the three months and nine months ended 31 December 2016 and 2017, and hence the diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

9. DIVIDENDS

During the nine months ended 31 December 2017, a subsidiary of the Company declared a dividend of HK\$7.0 million to its then shareholders, and which was paid in October 2017 prior to Listing. No dividends were paid, declared or proposed during the nine months ended 31 December 2016.

The Directors do not recommend a payment of dividend of the Company for the nine months ended 31 December 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine months ended 31 December 2017

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	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Rental expense to Pansino Homeware (Shenzhen) Co., Ltd.* ("Pansino Shenzhen")	971	668	381	222
Goods purchased from Pansino Shenzhen	–	185	–	57

* 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	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Short-term benefits	912	784	361	261

- (c) Personal guarantees were given by the Mr. She, Ms. Chan, Ms. Sze and Mr. Sai Wing Hong against the banking facilities granted to the Group as at 31 March 2017. No such guarantees exist as at 31 December 2017.
- (d) 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.
- (e) A trademark owned by Pansino Shenzhen was used by the Group free of charge for the nine months ended 31 December 2016 and 2017 until the trademark was disposed by Pansino Shenzhen in April 2017.



SATU

SATU HOLDINGS LIMITED

舍圖控股有限公司