



THIRD QUARTERLY
REPORT

2020/2021

第三季度報告

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

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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 2020, together with the comparative figures for the corresponding period in 2019.

BUSINESS REVIEW

COVID-19 pandemic is continuing its spread across the world and has brought unprecedented challenges to the global economy. Despite the recent development progress of COVID-19 vaccines, it is still not yet widely available. Large numbers of new infections are still being reported daily. To slow the spread of virus, governments across the world have been forced to have different levels of lockdown and travel restrictions which severely disrupted the global supply chains and weakened consumer demands. In spite of many uncertainties during the nine months ended 31 December 2020 (the “**Period**”), revenue of the Group turned out to be better than expected. The Group recorded approximately 9.8% increase of revenue during the Period comparing to the nine months ended 31 December 2019 (the “**Previous Period**”). The loss after tax of the Group decreased from approximately HK\$5.8 million for the Previous Period to approximately HK\$0.1 million for the Period. It is mainly due to the increase in revenue and the decrease in depreciation of property, plant and equipment, which is because the renovation of our showroom in the People’s Republic of China (“**the PRC**”) was fully depreciated for the year ended 31 March 2020.

During the Period, the major revenue of the Group is derived from export business mainly in Europe and USA, which is approximately 87.2% of the total revenue of the Group. The Company recorded an increase in revenue from export business by approximately 5.2% from approximately HK\$38.2 million for the Previous Period to approximately HK\$40.2 million for the Period.

Our e-commerce business has grown during the Period as consumers have shifted more to online purchases. The revenue of this business was approximately HK\$4.1 million during the Period as compared to that of approximately HK\$3.8 million in the Previous Period. The revenue from our brand products, which was commenced in February 2020, recorded approximately HK\$1.8 million during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT

The COVID-19 pandemic has impacted virtually all aspects of our lives. The consumer behaviour is changing and becomes more complex. To cope with the changes, the Group will closely monitor and keep refining our business operations and strategy. To improve the business performance, the Group will put in extra efforts on broadening our product portfolio, expanding our customer base and increasing the awareness of our brand products.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the Period was approximately HK\$46.1 million, representing an increase of approximately 9.8% as compared to that of approximately HK\$42.0 million for the Previous Period. The increase was mainly attributable to the increase in sales orders from two major customers during the Period.

Cost of Sales

The cost of sales of the Group increased by approximately 4.2% from approximately HK\$30.7 million for the Previous Period to approximately HK\$32.0 million for the Period, which was in line with the increase in revenue.

Gross Profit

Gross profit increased by approximately 24.8% to approximately HK\$14.1 million for the Period from approximately HK\$11.3 million for the Previous Period, which was in line with the increase in revenue. The gross profit margin increased from approximately 26.9% for the Previous Period to approximately 30.6% for the Period. It is mainly attributable to the increase in sales orders with high profit margin from export and e-commerce customers during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Distribution Expenses

During the Period, the selling and distribution expenses of the Group amounted to approximately HK\$6.4 million which remained stable as compared to that in the Previous Period.

Administrative and Other Operating Expenses

The administrative expenses of the Group decreased by approximately 24.6% from approximately HK\$11.4 million for the Previous Period to approximately HK\$8.6 million for the Period. The decrease in administrative expenses was mainly attributable to the decrease in the depreciation of the property, plant and equipment, which is because the renovation of our showroom in the PRC was fully depreciated for the year ended 31 March 2020.

Income Tax Expense

The Group's income tax expenses was approximately HK\$28,000 for the Period. It has slightly increased as compared to approximately HK\$20,000 for the Previous Period, which was mainly due to the increase in assessable profit generated by several subsidiaries during the Period.

Loss for the Period

The Group recorded a loss attributable to owners of the Company of approximately HK\$126,000 and HK\$5.8 million for the Period and the Previous Period respectively. The decrease was mainly due to the revenue improvement and the decrease in the depreciation of property, plant and equipment.

MANAGEMENT DISCUSSION AND ANALYSIS

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. As at 31 December 2020 and up to the date of this report, no option had been granted or agreed to be granted, lapsed, exercised or cancelled and there were no outstanding share options under the Share Option Scheme.

DIVIDENDS

The Board takes into account, among other factors, the Group's overall results of operation, financial position and capital requirements with respect to the declaration of dividends. The Board does not recommend a payment of any dividend for the Period (Previous Period: Nil).

SIGNIFICANT EVENT AFTER THE PERIOD

There has been no significant event that affected the Group after 31 December 2020 and up to the date of this report.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRACTICES

Pursuant to code provision A.2.1 of the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (“**CG Code**”), 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. The Board believes that vesting the roles of both chairman and chief executive in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The 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 management and corporate decisions promptly, efficiently and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive of the Company when it is appropriate and suitable, taking into account the management needs and the corporate 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 all the applicable code provisions set out in the CG Code as contained in Appendix 15 of the GEM Listing Rules during the Period.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors 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 had also made specific enquiry with each Director 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 during the Period.

OTHER INFORMATION

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

As at 31 December 2020, 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 Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”), or who were recorded in the register of the Company required to be kept pursuant to Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the Company’s issued share capital are as follows:

Name of Shareholder	Capacity	Number of ordinary Shares held (Note 1)	Approximate percentage of shareholding
Hearthfire Limited (“Hearthfire”)	Beneficial owner	611,250,000 (L) (Note 2)	61.125%
Present Moment Limited (“Present Moment”)	Beneficial owner	86,250,000 (L) (Note 3)	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. 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

INTEREST AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Save as disclosed above, as at 31 December 2020, so far as is known by or otherwise notified to the Directors, no other person or entity (other than a Director or the chief executive of the Company) had interests or short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company under Section 336 of the SFO or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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 2020, the interests or short positions of the Directors and 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 are as follows:

(i) Interest in the Company

Name of Director	Capacity	Number of ordinary 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. The controlled corporation is 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. The controlled corporation is 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

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

(ii) Interest in associated corporations

Name of Director	Name of associated corporation	Capacity	Number of ordinary 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.

Save as disclosed above, as at 31 December 2020, none of the Directors nor the chief executive of the Company had registered any interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were 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 were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register referred to in Section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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 Period.

OTHER INFORMATION

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 Period.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provisions C.3.3 and C.3.7 of the CG Code as set out in Appendix 15 to 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 Period.

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

Hong Kong, 4 February 2021

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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months ended 31 December 2020

	Notes	Nine months ended 31 December		Three months ended 31 December	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	4	46,143	41,975	15,958	13,834
Cost of sales		(32,001)	(30,694)	(11,279)	(10,246)
Gross profit		14,142	11,281	4,679	3,588
Other income and net gains	4	821	721	276	170
Selling and distribution expenses		(6,388)	(6,363)	(2,039)	(2,654)
Administrative and other operating expenses		(8,634)	(11,358)	(2,815)	(3,343)
(Loss)/Profit from operations		(59)	(5,719)	101	(2,239)
Finance costs	5	(39)	(26)	(12)	(5)
(Loss)/Profit before tax		(98)	(5,745)	89	(2,244)
Income tax expense	6	(28)	(20)	81	(18)
(Loss)/Profit for the period attributable to owners of the Company	7	(126)	(5,765)	170	(2,262)
(Loss)/Earnings per share					
Basic and diluted	8	HK(0.01) cents	HK(0.58) cents	HK0.02 cents	HK(0.23) cents

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

For the three months and nine months ended 31 December 2020

	Nine months ended 31 December		Three months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
(Loss)/Profit for the period	(126)	(5,765)	170	(2,262)
Other comprehensive income:				
<i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	3	(16)	8	10
Other comprehensive income for the period, net of tax	(123)	(5,781)	178	(2,252)
Total comprehensive income for the period attributable to owners of the Company	(123)	(5,781)	178	(2,252)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2020

	Share capital	Other reserve	Attributable to owners of the Company			Retained earnings/ (Accumulated losses)	Total
			Foreign currency translation reserve	Share premium	Merger reserve		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2019	10,000	8	(29)	36,793	(360)	4,443	50,855
Loss and total comprehensive income for the period	-	-	(16)	-	-	(5,765)	(5,781)
At 31 December 2019 (unaudited)	10,000	8	(45)	36,793	(360)	(1,322)	45,074
At 1 April 2020	10,000	8	(42)	36,793	(360)	(6,787)	39,612
Loss and total comprehensive income for the period	-	-	3	-	-	(126)	(123)
At 31 December 2020 (unaudited)	10,000	8	(39)	36,793	(360)	(6,913)	(39,489)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months and nine months ended 31 December 2020

1. GENERAL INFORMATION

Satu Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability and is domiciled in Hong Kong. The address of its registered office is Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, 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, Kowloon, Hong Kong.

The Company is an investment holding company. The principal activities of its principal subsidiaries are the trading, designing of homeware products and e-commerce business.

In the opinion of the Directors, as at 31 December 2020, Hearthfire Limited, a company incorporated in the British Virgin Islands (the “**BVI**”), is the immediate and ultimate parent, and Mr. She, who wholly owns Hearthfire Limited and is a director of the Company, is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial information for the Period has been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules, and with applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards (“**HKAS**”) and Interpretations.

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 2020, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31 March 2021. Details of any changes in accounting policies are set out in note 3 to the unaudited condensed consolidated financial information. The preparation of the unaudited condensed consolidated financial information requires the 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 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months and nine months ended 31 December 2020

2. BASIS OF PREPARATION (CONTINUED)

The unaudited condensed consolidated financial information have been prepared under the historical cost convention except for the financial assets at fair value through profit or loss that are measured at fair value. 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 2020, as described in those annual financial statements. In the Period, the Group has applied, for the first time, the following amendments issued by the HKICPA:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the above amendments to HKFRSs for the 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 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months and nine months ended 31 December 2020

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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue				
Sales of homeware products	46,143	41,975	15,958	13,834
Other income and net gains				
Exchange gain/(loss), net	(210)	(5)	(53)	(12)
Gain on disposal of property, plant and equipment	–	50	–	–
Interest income	65	364	20	105
Others	836	143	269	13
Packaging income	82	84	25	49
Sampling income	48	85	15	15
	821	721	276	170

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 consider 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 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months and nine months ended 31 December 2020

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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue				
United Kingdom	17,269	15,494	7,291	5,900
Denmark	5,551	4,804	933	182
Poland	4,884	3,372	2,191	774
United States	4,406	4,895	1,804	2,588
Australia	4,253	2,478	622	572
France	3,570	4,691	963	1,796
Others	6,210	6,241	2,154	2,022
	46,143	41,975	15,958	13,834

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

	As at 31 December 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
	Hong Kong	1,860
PRC	1,932	2,079
Others	4	241
	3,796	4,502

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months and nine months ended 31 December 2020

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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Customer A	5,506	4,373	888	144
Customer B	11,312	13,001	4,796	4,831
Customer C	N/A ¹	5,942	N/A ¹	1,518

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. FINANCE COSTS

	Nine months ended 31 December		Three months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest on lease liabilities	39	–	12	–
Finance lease charges	–	26	–	5
	39	26	12	5

6. INCOME TAX EXPENSE

	Nine months ended 31 December		Three months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Current tax				
— Hong Kong Profits Tax	30	18	(78)	18
— PRC Enterprise Income Tax				
(Over)/Under-provision in prior year	(2)	2	(3)	–
	28	20	(81)	18

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months and nine months ended 31 December 2020

6. INCOME TAX EXPENSE (CONTINUED)

The Company was incorporated in the Cayman Islands and B & C Industries (BVI) Limited (“**B&C Industries BVI**”) was incorporated in the BVI that are tax exempted as no business has been carried on in the Cayman Islands and the BVI under the tax laws of the Cayman Islands and the BVI respectively.

Under the two-tiered profits tax regime of Hong Kong, profits tax rate for the first HK\$2 million of assessable profits of qualifying corporations established in Hong Kong will be lowered to 8.25%, and profits above that amount will be subject to the tax rate of 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 incurred since the Group did not generate any assessable profits arising in the PRC for the Period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months and nine months ended 31 December 2020

7. (LOSS)/PROFIT FOR THE PERIOD

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

	Nine months ended 31 December		Three months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Auditor's remuneration	448	535	149	175
Cost of homeware products	29,569	27,709	8,867	8,935
Depreciation on right-of-use assets	571	–	190	–
Depreciation on property plant and equipment	651	3,331	223	1,103
Foreign exchange (gain)/loss, net	210	5	53	12
Operating lease charges in respect of:				
— Office premises	1,320	1,747	454	570
— Warehouse	344	203	117	67
Staff costs including Directors' emoluments				
— Salaries, allowances and bonus	5,742	5,932	2,053	1,909
— Retirement benefit scheme contributions	216	302	76	97

8. (LOSS)/EARNINGS 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 2020 with due regard to a profit of approximately HK\$170,000 and a loss of approximately HK\$126,000 respectively (loss of three months and nine months ended 31 December 2019: approximately HK\$2,262,000 and HK\$5,765,000 respectively) and the weighted average of 1,000,000,000 ordinary shares in issue during the Period and the Previous Period.

Diluted (loss)/earnings per share

There were no potential dilutive ordinary shares outstanding during the Period and the Previous Period, and hence the diluted loss per share is the same as basic (loss)/earnings per share.

9. DIVIDENDS

The Directors do not recommend a payment of dividend of the Company for the Period (Previous Period: Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months and nine months ended 31 December 2020

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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 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”) (Note 1)	1,221	1,149	420	370
Sales of motor vehicle to Mr. She (Note 2)	Nil	400	Nil	Nil

* For identification purpose only

Notes:

- Mr. She is interested in this transaction to the extent that he is the beneficial owner of Pansino Shenzhen.
 - The sales proceeds of the motor vehicle to Mr. She was based on the market value. The Group recorded approximately HK\$48,000 gain on disposal of the motor vehicle.
- (b) The remuneration of Directors and other members of key management was as follows:

	Nine months ended 31 December		Three months ended 31 December	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Short-term benefits	2,152	1,926	822	642



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