

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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 (the “**Board**”) of Directors 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 ended 30 June 2022 (the “**Period**”), together with the comparative figures for the corresponding period in 2021 (the “**Previous Period**”).

BUSINESS REVIEW

The Group was principally engaged in the businesses of homeware export, e-commerce, and sales of own brand products during the Period. Our homeware customers are comprised of international brand owners and licensees, chain supermarkets and renowned department stores mainly in Europe. The total revenue of the Group has reached approximately HK\$17.4 million for the Period, representing a decrease of approximately 45.5% as compared to that of approximately HK\$31.9 million for Previous Period.

The homeware export business was still the Group’s major source of revenue, which contributed approximately 88.6% of the total revenue of the Group during the Period. The revenue of the homeware export business reached approximately HK\$15.4 million, representing a decline of approximately 49.2% comparing to the Previous Period. The dropped of homeware export sales was mainly attributable to the decrease in sales orders from Europe customers for the Period. Yet, the gross profit margin of homeware export business increased from approximately 18.8% in the Previous Period to approximately 32.7% in the Period. It is mainly attributable to one of customers placing orders with higher gross profit margin during the Period.

The revenue of own brand products was slightly decreased by approximately 1.7% comparing to the Previous Period. The sales performance of e-commerce business for the Period increased by approximately 60.3% comparing to the Previous Period. The business of own brand products and e-commerce contributed approximately 5.4% and 6.0% of the total revenue of the Group during the Period.

During the Period, the Group recorded a profit attributable to the owners of the Company of approximately HK\$0.6 million as compared to that of approximately HK\$0.9 million for the Previous Period.





MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Since early 2020, the outbreak of the COVID-19 (the “**Pandemic**”) has adversely affected the global economy. The economic outlook remains uncertain since the outbreak of the Pandemic is still not entirely under control worldwide. On the other hand, the regional military conflicts will be an unfavorable factor exerting pressure on the consumer market, especially in Europe. The Group anticipates the operating environment in the rest of the year 2022 would remain challenging with a substantial degree of uncertainty.

The Group will continuously introduce a greater variety of products and sales networks in order to maximise of our revenue and profitability. Meanwhile, the Group will monitor the development of the Pandemic and will take all necessary measures to minimise the impact of the Pandemic on the Group.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the Period was approximately HK\$17.4 million, representing decline of approximately 45.5% as compared to that of approximately HK\$31.9 million for the Previous Period. Such decrease in revenue was primarily due to the decrease in the sales orders from the customers in homeware export business during the Period.

Cost of Sales

The cost of sales of the Group decreased by approximately 54.7% from approximately HK\$25.4 million for the Previous Period to approximately HK\$11.5 million for the Period, which was in line with the decrease in revenue for the Period.

Gross Profit

Gross profit decreased by approximately 9.2% to approximately HK\$5.9 million for the Period from approximately HK\$6.5 million for the Previous Period. The gross profit margin increased from approximately 20.4% for the Previous Period to approximately 33.9% for the Period. It was mainly attributable to one of customers placing orders with higher gross profit margin during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income and Net Gains

The other income and net gains of the Group increased by approximately HK\$96,000, from approximately HK\$164,000 for the Previous Period to approximately HK\$260,000 for the Period. The increase was primarily due to the non-recurring government subsidy under the Employment Support Scheme 2022 for the Period.

Selling and Distribution Expenses

During the Period, selling and distribution expenses of the Group decreased to approximately HK\$2.5 million, representing a decrease of approximately 7.4%, from approximately HK\$2.7 million for the Previous Period. It was mainly attributable to the decrease in promotion and exhibition costs.

Administrative Expenses

The administrative expenses of the Group increased slightly by approximately 3.3% from approximately HK\$3.0 million for the Previous Period to approximately HK\$3.1 million for the Period. The increase in administrative expenses was mainly attributable to the increase in administrative staff costs.

Finance Costs

The finance costs decreased by approximately HK\$5,000, or representing approximately 55.6%, from approximately HK\$9,000 for the Previous Period to approximately HK\$4,000 for the Period. The decrease was mainly due to the decrease in interest expense on lease liabilities.

Income Tax Expense

The income tax expenses of the Group was approximately HK\$8,000 for the Period. It increased by approximately HK\$2,000 as compared to that of approximately HK\$6,000 for the Previous Period, which was mainly due to the increase in taxable profit during the Period.





MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the Period Attributable to Owners of the Company

After taking into account of the foregoing, the Group recorded a profit for the Period attributable to owners of the Company of approximately HK\$0.6 million, as compared to that of approximately HK\$0.9 million for the Pervious Period. The decreased of approximately HK\$0.3 million was mainly attributable to the decrease in revenue and gross profit during the Period.

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 (the "**Date of adoption**") 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. From the Date of Adoption 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 as at 30 June 2022.

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 resolved not to recommend a payment of any interim dividend for the Period (Previous Period: Nil).

SIGNIFICANT EVENT AFTER THE PERIOD

The Pandemic since early 2020 has impacted the global business and economic environment. The overall financial effect on the Group in the coming financial year cannot be reasonably estimated for the time being as the Pandemic is still ongoing. The management of the Group will be cautious to monitor the development and continue to evaluate its impacts on the business, financial position, cash flows and financial performance of the Group. Save as disclosed above, there was no significant event happened subsequent to the end of the Period and up to the date of this report.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2022.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) set out in Appendix 15 of the GEM Listing Rules. Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and the chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established.

However, we do not have a separate chairman and chief executive as Mr. She Leung Choi (“**Mr. She**”) currently assumes the roles of both chairman and chief executive of the Company. The Board believes that this structure has the benefit of ensuring consistent leadership within the Group and enables a more effective and efficient overall strategic planning for the Group. Since there are three independent non-executive Directors (“**INEDs**”) in the Board, the Board considers that the balance of power and authority under the present arrangement will not be impaired and this structure enables the Company to make and implement management and corporate decisions promptly, efficiently and effectively and there is sufficient checks and balances from the INEDs. The Board will continue to review and consider the need of appointing suitable candidate to assume the role of chief executive when necessary, taking into account the management needs and the corporate circumstances of our Group as a whole.

Save as the deviation from the code provision of C.2.1 of the CG Code disclosed above, the Company has complied with all the applicable code provisions set out in the CG Code 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 standards of dealings as set out in Rules 5.48 to 5.67 to the GEM Listing Rules during the Period (the “**Model Code**”). The Company had made specific enquiry to the Directors and each of the Director has confirmed that he/she has fully complied with the Model Code, and the Company was not aware of any non-compliance with the Model Code by the Directors during the Period.

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 30 June 2022, 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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 <i>(Note 1)</i>	Approximate percentage of shareholding
Mr. She	Interest of controlled corporation	611,250,000 (L) <i>(Note 2)</i>	61.125%
Ms. Chan Lai Yin ("Ms. Chan")	Interest of controlled corporation	86,250,000 (L) <i>(Note 3)</i>	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 Limited, 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 Limited.
3. The controlled corporation is Present Moment Limited, 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 Limited.

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) <i>(Note)</i>	Approximate percentage of shareholding
Mr. She	Hearthfire Limited	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 30 June 2022, 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 and 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.



OTHER INFORMATION

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

As at 30 June 2022, so far as our Directors are aware, the persons (other than the Directors and chief executive of the Company as disclosed above) 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 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 <i>(Note 1)</i>	Approximate percentage of shareholding
Hearthfire Limited	Beneficial owner	611,250,000 (L) <i>(Note 2)</i>	61.125%
Present Moment Limited	Beneficial owner	86,250,000 (L) <i>(Note 3)</i>	8.625%

Notes:

1. The letter "L" denotes a long position in the shareholder's interest in the Shares.
2. Hearthfire Limited 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 Limited.
3. Present Moment Limited 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 Limited.

Save as disclosed above, as at 30 June 2022, 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.

OTHER INFORMATION

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.

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 and up to the date of this report.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.29 to the GEM Listing Rules and code provisions D.3.3 and D.3.7 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The unaudited condensed consolidated financial information of the Group for the Period has not been audited or reviewed by the auditor of the Company. 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, 10 August 2022

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 ended 30 June 2022

		Three months ended 30 June	
	Notes	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	4	17,404	31,913
Cost of sales		(11,488)	(25,447)
Gross profit		5,916	6,466
Other income and net gains	4	260	164
Selling and distribution expenses		(2,455)	(2,748)
Administrative expenses		(3,085)	(2,957)
Profit from operations		636	925
Finance costs	5	(4)	(9)
Profit before tax		632	916
Income tax expense	6	(8)	(6)
Profit for the period attributable to owners of the Company	7	624	910
Earnings per share for profit attributable to owners of the Company			
Basic and diluted	8	HK0.06 cents	HK0.09 cents

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

For the three months ended 30 June 2022

	Three months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Profit for the period	624	910
Other comprehensive income: <i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	49	(18)
Other comprehensive income for the period, net of tax	673	892
Total comprehensive income for the period attributable to owners of the Company	673	892



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2022

	Attributable to owners of the Company						Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Other reserve HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	
At 1 April 2021	10,000	36,793	(360)	8	(80)	(14,125)	32,236
Profit and total comprehensive income for the period	-	-	-	-	(18)	910	892
At 30 June 2021 (unaudited)	10,000	36,793	(360)	8	(98)	(13,215)	33,128
At 1 April 2022	10,000	36,793	(360)	8	(127)	(10,770)	35,544
Profit and total comprehensive income for the period	-	-	-	-	49	624	673
At 30 June 2022 (unaudited)	10,000	36,793	(360)	8	(78)	(10,146)	36,217

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended 30 June 2022

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 principal place of business of the Company 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 Company and its subsidiaries (collectively the “**Group**”) now comprising the Group are principally engaged in trading and designing of homeware products and e-commerce business.

In the opinion of the Directors, as at 30 June 2022, 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 requirement 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.





NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended 30 June 2022

2. BASIS OF PREPARATION (CONTINUED)

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 2022, except for the adoption of the new, revised and amendments to HKFRSs that are relevant to the Group and effective for accounting periods beginning on or after 1 April 2022. 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 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.

The unaudited condensed consolidated financial information contains selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the consolidated financial statements for the year ended 31 March 2022. 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 HKFRSs.

The unaudited condensed consolidated financial information have been prepared under the historical cost convention unless otherwise mentioned. The unaudited condensed consolidated financial information are unaudited but has been reviewed by the audit committee of the Company.

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended 30 June 2022

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2022, as described in those annual financial statements. In the Period, the Group has applied the following amendments issued by the HKICPA for the first time, which are effective for the financial period beginning on 1 April 2022.

Amendments to HKFRS 3	Business Combination – Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 Cycle

The application of the above amendments to HKFRSs in 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.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs and HKASs would have a material impact on its results of operations and financial position.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended 30 June 2022

4. REVENUE AND SEGMENT INFORMATION

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

	Three months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue		
Sales of homeware products	17,404	31,913
Other income and net gains		
Government grants	112	–
Interest income	6	92
Packaging income	20	11
Sampling income	32	62
Foreign exchange gain/(loss), net	42	(26)
Others	48	25
	260	164

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 ended 30 June 2022

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

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

	Three months ended 30 June	
	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)
Revenue		
Denmark	5,083	3,269
United States	4,484	561
United Kingdom	1,672	6,573
Poland	1,631	43
France	1,234	859
Australia	1,024	17,991
The People's Republic of China (the "PRC")	939	959
Germany	810	845
Others	527	813
	17,404	31,913



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended 30 June 2022

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information (CONTINUED)

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

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Hong Kong	491	690
PRC	1,323	1,145
	1,814	1,835

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended 30 June 2022

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:

	Three months ended 30 June	
	2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)
Customer A	4,896	N/A ¹
Customer B	3,300	N/A ¹
Customer C	3,186	–
Customer D	–	17,218

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



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended 30 June 2022

5. FINANCE COSTS

	Three months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Interest on lease liabilities	4	9

6. INCOME TAX EXPENSE

	Three months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Current tax		
– Hong Kong Profits Tax	7	5
– PRC Enterprise Income Tax	1	1
	8	6

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended 30 June 2022

6. INCOME TAX EXPENSE (CONTINUED)

Under the two-tiered profits tax regime, the first HK\$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

Pursuant to the PRC EIT Law and the respective regulations, the subsidiaries which operate in the Mainland China are subject to corporate income tax at a rate of 25% on the taxable income. Preferential tax treatment is available to the Group's PRC subsidiaries.

According to the Enterprise Income Tax Law and the Implementation of the Enterprise Income Tax Law of the PRC, an entity eligible as a Small Low-profit Enterprise is subject to preferential tax treatments phase 2 in which a Small Low-profit Enterprise with annual taxable income not more than RMB1,000,000 is subject to Enterprise Income Tax calculated at 12.5% of its taxable income at a tax rate of 20%. 舍圖時尚用品(深圳)有限公司 is eligible as a Small Low-profit Enterprise and is subject to the relevant preferential tax treatments.

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.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended 30 June 2022

7. PROFIT FOR THE PERIOD

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

	Three months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Reversal of allowance for slow-moving inventory, net	(4)	–
Cost of homeware products	10,181	24,164
Depreciation on right-of-use assets	190	190
Depreciation on property, plant and equipment	221	220
Foreign exchange (gain)/loss, net	(42)	26
Operating lease charges in respect of:		
– Office premises	450	432
– Warehouse	301	145
Staff costs including Directors' emoluments		
– Salaries and allowances	1,983	1,968
– Discretionary bonuses	68	–
– Retirement benefit scheme contributions	122	102

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the three months ended 30 June 2022

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Three months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Earnings		
Profit attributable to owners of the Company	624	910
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	1,000,000	1,000,000

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary share in issue during the Period and Previous Period.

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 ended 30 June 2022

10. RELATED PARTY TRANSACTIONS

- (a) The Group had the following transactions with its related parties:

	Three months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 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)	450	432

Note: Mr. She is interested in this transaction to the extent that he is the beneficial owner of Pansino Shenzhen.

* For identification purpose only

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

	Three months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Short-term employee benefits	675	647
Retirement benefit scheme contributions	18	18
	693	665