



合寶豐年  
ALPHA ERA

**ALPHA ERA INTERNATIONAL HOLDINGS LIMITED**

**合寶豐年控股有限公司**

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

**Stock code: 8406**

**FIRST QUARTERLY REPORT**

**2018**

## **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.**

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Alpha Era International Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) 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.

## FINANCIAL RESULTS

The board of Directors (the "Board") is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 31 March 2018 (the "Period"), together with the unaudited comparative figures for the corresponding period in 2017 as follows:

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

For the three months ended 31 March 2018

	Notes	For the three months ended 31 March	
		2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Revenue	3	37,304	36,504
Cost of sales		(29,520)	(28,701)
Gross profit		7,784	7,803
Other income and gains		24	296
Distribution and selling expenses		(1,801)	(2,120)
Administrative expenses		(4,381)	(3,094)
Profit before tax		1,626	2,885
Income tax expense	4	(215)	(686)
Profit for the period	5	1,411	2,199
<b>Other comprehensive (expense)/income, net of income tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		(874)	26
Other comprehensive (expense)/income for the period		(874)	26
Total comprehensive income for the period		537	2,225
		<b>RMB cents</b>	RMB cents
Earnings per share			
– Basic and diluted	6	0.18	0.32

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2018

	Attributable to the owners of the Company						
	Share capital	Share premium	Special reserve	Statutory reserve	Foreign currency translation reserve	Retained profit	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2018 (Audited)	6,969	26,558	17,429	3,318	(345)	14,338	68,267
Profit for the Period	-	-	-	-	-	1,411	1,411
Other comprehensive expense for the Period	-	-	-	-	(874)	-	(874)
Total comprehensive income for the Period	-	-	-	-	(874)	1,411	537
Balance at 31 March 2018 (Unaudited)	6,969	26,558	17,429	3,318	(1,219)	15,749	68,804
Balance at 1 January 2017 (Audited)	66	-	23,316	2,843	(180)	11,376	37,421
Profit for the period	-	-	-	-	-	2,199	2,199
Other comprehensive income for the period	-	-	-	-	26	-	26
Total comprehensive income for the period	-	-	-	-	26	2,199	2,225
Balance at 31 March 2017 (Unaudited)	66	-	23,316	2,843	(154)	13,575	39,646

## NOTES TO THE UNAUDITED FINANCIAL RESULTS

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability on 3 November 2015. The shares of the Company (the "Shares") have been listed on the GEM with effect from 7 December 2017. Its parent and ultimate holding company is Nonton Limited ("Nonton"), a company incorporated in the British Virgin Islands ("BVI") with limited liability and wholly-owned by Mr. Lee King Sun ("Mr. Lee").

The addresses of the registered office and the principal place of business of the Company are Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and Units 1903-04, Tamson Plaza, 161 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong, respectively.

The Company is an investment holding company. The Group is principally engaged in the manufacturing and sales of inflatable products and related accessories. Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the respective entity operates (the "functional currency"). The functional currency of the Company is Hong Kong dollars ("HK\$"). The condensed consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, which is different from the functional currency of the Company as the Group's dominated operations are substantially based in the People's Republic of China (the "PRC").

### 2. BASIS OF PREPARATION

The Group's unaudited condensed consolidated financial information for the Period has been prepared in accordance with the accounting policies, which conform to the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules.

The HKICPA has issued a number of new and revised HKFRSs and interpretations that are first effective for the current accounting period of the Company. The adoption of these new and revised HKFRSs has no material effect on the unaudited condensed consolidated financial information, and there have otherwise been no significant changes to the accounting policies applied.

The preparation of the unaudited condensed consolidated financial results in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the accounting policies of the Group.

### 3. REVENUE AND SEGMENT INFORMATION

HKFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and performance assessment. On this basis, the Group's revenue by segment are as follows:

#### Revenue

	For the three months ended 31 March	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Sales of inflatable products and related accessories	36,539	36,504
Sub-contracting income	765	–
	<b>37,304</b>	36,504

#### Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of revenue is based on the locations of the customers. All specified noncurrent assets are physically located in the PRC.

	For the three months ended 31 March	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Revenue from external customers:		
– China	5,229	7,054
– Europe	17,419	16,394
– Australia and Oceania	1,249	20
– North America	3,897	5,779
– Asia	8,914	7,128
– Central and South America	561	129
– Africa	35	–
	<b>37,304</b>	36,504

#### 4. INCOME TAX EXPENSE

The amount of income tax expense in the condensed consolidated statement of profit or loss and other comprehensive income represents:

	For the three months ended 31 March	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
<b>Current tax</b>		
Hong Kong Profits Tax	114	268
PRC Enterprise Income Tax	126	369
<b>Deferred Tax</b>	(25)	49
Income tax expense	215	686

Hong Kong Profits Tax is calculated on the basis at 8.25% of the estimated assessable profits up to HK\$2,000,000 and 16.5% on any part of the estimated assessable profits over HK\$2,000,000 in or derived from Hong Kong for the Period. (2017: 16.5%)

PRC subsidiaries are subject to PRC Enterprise Income Tax which is calculated at the rates applicable in the respective jurisdictions.

#### 5. PROFIT FOR THE PERIOD

Profit for the Period has been arrived at after charging:

	For the three months ended 31 March	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Cost of inventories recognised as an expense	29,520	28,701
Depreciation of property, plant and equipment	405	426
Amortisation of intangible assets	30	25
Net foreign currency losses	931	336
Operating lease payments in respect of rented premises	1,369	1,329
Employee benefits expense (including directors' emoluments)		
Salaries, wages and other benefits	8,173	7,452
Contribution to retirement benefits schemes	752	297
Total employee benefits expense	8,925	7,749

## 6. EARNINGS PER SHARE

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

	For the three months ended 31 March	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
<b>Earnings</b>		
Profit for the period attributable to the owners of the Company for the purpose of basic earnings per share	1,411	2,199
<b>Number of shares</b>	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	800,000	680,000

The weighted average number of ordinary shares for the purpose of basic earnings per share for the three months ended 31 March 2018 was derived from 800,000,000 ordinary shares in issue during the Period.

The weighted average number of ordinary shares for the purpose of basic earnings per share for the three months ended 31 March 2017 was derived from 680,000,000 ordinary shares as if these 680,000,000 ordinary shares were outstanding throughout the period.

The diluted earnings per share is equal to the basic earnings per share as there is no dilutive potential ordinary share in issue during the three months ended 31 March 2018 and 2017.

## 7. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the Period. (2017: Nil)



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the manufacturing and sales of inflatable products and related accessories. Founded in 2003, the Group has over 10 years' experience in designing, manufacturing and marketing high quality inflatable playgrounds and other inflatable products. The Group manufactures its products in the production facilities in Dongcheng Industrial Zone located in Zhongshan City, Guangdong Province. The Group is committed to high standards of quality in all of its products and follow stringent quality control procedures throughout the production processes. Through years of effort in marketing and production, the inflatable products have been sold under various brands widely in various overseas markets.

During the Period, the Group recorded an increase in revenue of approximately RMB800,000 or 2.2%. The gross profit margin remained relatively stable at approximately 20.9% for the Period as compared to approximately 21.4% for the same period in 2017.

The revenue from export sales are denominated in US Dollars but the costs incurred for the production are denominated in Renminbi, significant fluctuation in the exchange rate between RMB against US Dollars may materially affect the results of operations. Over 80% of the revenue for the three months ended 31 March 2018 and 2017 were derived from the export sales. As the exchange rate of US Dollars against RMB decreased significantly from approximately 6.51 as at 31 December 2017 to approximately 6.28 as at 31 March 2018, the Group recorded net foreign exchange loss of approximately RMB931,000 for the Period as compared to net foreign exchange loss of approximately RMB336,000 for the same period in 2017.

Notwithstanding the exchange rate risk and the keen competition from other inflatable playground manufacturers the Group is facing, with the expertised and experienced management team, maintaining good relationships with the major customers and the emphasis on the quality and safety of the products, the Directors consider that the Group is in good position to compete against its competitors under such future challenges. The Group will also pursue the four key business strategies: (i) to expand and enhance the product offerings through continuous product development efforts and continue to strengthen the brand recognition; (ii) to expand production capacity; (iii) to attract and retain quality personnel; and (iv) to increase marketing effort, expand distribution network and explore new business opportunities.

## FINANCIAL REVIEW

### Revenue

The Group's revenue was approximately RMB37,304,000 for the Period, representing a slight increase of RMB800,000 or 2.2% as compared to the revenue for the same period in 2017. Revenue from the sales of inflatable playgrounds with air blowers for the Period was approximately RMB32,879,000 (2017: RMB34,556,000), decreased by RMB1,677,000 or 4.9% compared with the corresponding period, which accounted for approximately 88.1% of the total revenue (2017: 94.7%); revenue from the sales of other inflatable products for the Period was approximately RMB1,052,000 (2017: RMB397,000), increased by RMB655,000 or 165.0% compared with the corresponding period, which accounted for approximately 2.8% of the total revenue (2017: 1.1%); revenue from the sales of inflatable products related accessories and subcontracting work for the Period was approximately RMB3,373,000 (2017: RMB1,551,000), increased by RMB1,822,000 or 117.5%, which accounted for 9.1% of the total revenue (2017: 4.2%).

An analysis of the Group's revenue for the Period by geographical location is set out in note 3 to the unaudited financial results.

### Cost of sales

Cost of sales increased by approximately RMB819,000 to approximately RMB29,520,000 for the Period from approximately RMB28,701,000 for the corresponding period in 2017.

### Gross profit and gross profit margin

The Group recorded a gross profit of approximately RMB7,784,000 for the Period, a slight decrease of approximately RMB19,000 as compared with the corresponding period (2017: RMB7,803,000). Gross profit margin remained relatively stable at approximately 20.9% for the Period (2017: 21.4%).

### Other income and gains

Total other income and gains was approximately RMB24,000 for the Period, representing a decrease of approximately RMB272,000 as compared with the corresponding period (2017: RMB296,000), mainly due to the Group recording grants and subsidies from the P.R.C. government of approximately RMB289,000 during the three months ended 31 March 2017.

### Distribution and selling expenses

Total distribution and selling expenses was approximately RMB1,801,000 for the Period (2017: RMB2,120,000), a decrease of RMB319,000 or 15.0% as compared to the corresponding period. The decrease was mainly resulted from: (i) decrease in advertising and promotion expenses by approximately RMB121,000; and (ii) decrease in commission and after-sales service expenses by approximately RMB169,000.

### Administrative expenses

The administrative expenses was approximately RMB4,381,000 for the Period (2017: RMB3,094,000), an increase of RMB1,287,000 or 41.6% as compared to the corresponding period. The increase was mainly resulted from: (i) increased spending in legal and professional fee by approximately RMB436,000 after listing; and (ii) an increase of approximately RMB595,000 in net foreign exchange loss recorded in the Period.

## Finance costs

As the Group did not have any borrowing during the Period, no finance costs was recorded for the Period (2017: Nil).

## Profit for the Period

Profit for the Period was approximately RMB1,411,000, a decrease of approximately RMB788,000 or 35.8% as compared with corresponding period (2017: RMB2,199,000).

## Dividends

The Board does not recommend the payment of any interim dividend for the Period. (2017: Nil)

## OTHER INFORMATION

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

As at 31 March 2018, the interests and short positions of the Directors and chief executive of the Company (the "Chief Executive") in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 of the GEM Listing Rules (the "Required Standard of Dealings") or Rule 23.07 of the GEM Listing Rules are as follows:

#### Long position in ordinary shares of the Company

Name of Director/ Chief Executive	Capacity/Nature of interest	Number of underlying Shares	Percentage of shareholding (Note 2)
Mr. Lee Kin Kee (Note 1)	Interest in a controlled corporation	172,244,000	21.53%

Notes:

- (1) Mr. Lee Kin Kee ("Mr. Kevin Lee") beneficially owns the entire share capital of Blink Wishes Limited. Therefore, Mr. Kevin Lee is deemed, or taken to be, interested in all the Shares held by Blink Wishes Limited for the purpose of the SFO.
- (2) The percentage is calculated on the basis of 800,000,000 shares in issue as at the date of this report.

Save as disclosed above, as at 31 March 2018, none of the Directors or the Chief Executive or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL AND OTHER SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2018, so far as is known to the Directors and the Chief Executive and based on the public records filed on the website of the Stock Exchange and records kept by the Company, the interests and short positions of the persons or corporations (other than the Directors and the Chief Executive) in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are as follows:

### Long positions in ordinary shares of the Company:

Name	Capacity/Nature of interest	Number of underlying Shares	Percentage of shareholding (Note 4)
Nonton Limited	Beneficial owner	427,756,000	53.47%
Mr. Lee King Sun (Note 1)	Interest in a controlled corporation	427,756,000	53.47%
Ms. Chak Lai Hung Theresa (Note 2)	Interest of spouse	427,756,000	53.47%
Blink Wishes Limited	Beneficial owner	172,244,000	21.53%
Ms. Law Siu Ling (Note 3)	Interest of spouse	172,244,000	21.53%

#### Notes:

- (1) Mr. Lee King Sun ("Mr. Lee") beneficially owns the entire share capital of Nonton Limited. Therefore, Mr. Lee is deemed, or taken to be, interested in all the Shares held by Nonton Limited for the purpose of the SFO.
- (2) Ms. Chak Lai Hung Theresa ("Ms. Chak") is the spouse of Mr. Lee. Under the SFO, Ms. Chak is deemed to be interested in the same number of Shares in which Mr. Lee is interested.
- (3) Ms. Law Siu Ling ("Ms. Law") is the spouse of Mr. Kevin Lee. Under the SFO, Ms. Law is deemed to be interested in the same number of Shares in which Mr. Kevin Lee is interested.
- (4) The percentage is calculated on the basis of 800,000,000 shares in issue as at the date of this report.

Save as disclosed above, as at 31 March 2018, the Directors are not aware of any person or corporation (other than the Directors and the Chief Executive) who had any interest or short position in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

## SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 15 November 2017 for the purpose of providing additional incentives to eligible participants for their contribution to the Group and/or enabling the Group to attract and retain best available personnel that are valuable to the Group. No share option has been granted under the Share Option Scheme since its adoption.

## COMPETING AND CONFLICT OF INTERESTS

None of the Directors, the controlling shareholders or substantial shareholders of the Company and their respective close associates has engaged in any business which competes or may compete, directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during the Period.

## INTERESTS OF THE COMPLIANCE ADVISOR

As at 31 March 2018, as notified by the Company's compliance advisor, Frontpage Capital Limited (the "Compliance Advisor"), except for the compliance advisor agreement entered into between the Company and the Compliance Advisor, neither the Compliance Advisor nor its directors, employees or close associates has any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company during the Period.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the Period.

## CORPORATE GOVERNANCE CODE

The Company has applied the principles and code provisions of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules (the "CG Code"). During the Period, to the best knowledge of the Board, the Company has complied with the applicable code provisions of the CG Code.

## AUDIT COMMITTEE

The audit committee (the "Audit Committee") was established on 20 June 2017 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 and C.3.7 of the CG Code. The Audit Committee currently comprises all three independent non-executive Directors of the Company and is chaired by Mr. Chu Wai Wa Fangus. The other members are Mr. Mao Guohua and Mr. Gan Mingqing. The primary duties of the Audit Committee are mainly to review and supervise the financial reporting process and the internal control procedures of the Group.

The condensed consolidated financial results for the Period have not been audited by the Company's independent auditors, but have been reviewed by the Audit Committee. The Audit Committee is of the opinion that such results complied with the applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

By order of the Board  
**Alpha Era International Holdings Limited**  
**Huang Xiaodong**  
*Chairman*

Hong Kong, 15 May 2018

*As at the date of this report, the Board comprises Mr. Huang Xiaodong and Mr. Xiao Jiansheng as executive Directors; Mr. Lee Kin Kee as non-executive Director; and Mr. Mao Guohua, Mr. Gan Mingqing and Mr. Chu Wai Wa Fangus as independent non-executive Directors.*