



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

THIRD 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.

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This report, for which the directors (the “Directors”) of Alpha Era International Holdings Limited (the “Company” and 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 and nine months ended 30 September 2018, together with the unaudited comparative figures for the corresponding periods in 2017, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2018

| | Note | For the three months ended 30 September | | For the nine months ended 30 September | |
|---|------|---|--------------------------------|--|--------------------------------|
| | | 2018 RMB'000 (Unaudited) | 2017 RMB'000 (Unaudited) | 2018 RMB'000 (Unaudited) | 2017 RMB'000 (Unaudited) |
| Revenue | 3 | 53,250 | 42,076 | 115,762 | 127,442 |
| Cost of sales | | (40,392) | (32,563) | (89,899) | (97,906) |
| Gross profit | | 12,858 | 9,513 | 25,863 | 29,536 |
| Other income and gains | | 949 | 20 | 1,513 | 352 |
| Distribution and selling expenses | | (2,235) | (2,971) | (6,183) | (7,095) |
| Administrative expenses | | (3,614) | (3,382) | (10,754) | (9,948) |
| Listing expenses | | – | (1,140) | – | (1,335) |
| Profit before tax | | 7,958 | 2,040 | 10,439 | 11,510 |
| Income tax expense | 4 | (1,617) | (633) | (1,973) | (2,904) |
| Profit for the period | 5 | 6,341 | 1,407 | 8,466 | 8,606 |
| Other comprehensive income, net of income tax | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| Exchange differences on translating foreign operations | | 970 | 149 | 1,328 | 205 |
| Other comprehensive income for the period | | 970 | 149 | 1,328 | 205 |
| Total comprehensive income for the period | | 7,311 | 1,556 | 9,794 | 8,811 |
| | | RMB cents | RMB cents | RMB cents | RMB cents |
| Earnings per share | | | | | |
| – Basic and diluted | 6 | 0.79 | 0.21 | 1.06 | 1.27 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2018

| | Attributable to the owners of the Company | | | | | | |
|--|---|------------------|--------------------|----------------------|------------------------|--------------------|-----------------|
| | Share capital | Share premium | Special reserve | Statutory reserve | Foreign currency | Retained profit | Total equity |
| | | | | | translation reserve | | |
| 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 | - | - | - | - | - | 8,466 | 8,466 |
| Other comprehensive income for the period | - | - | - | - | 1,328 | - | 1,328 |
| Total comprehensive income for the period | - | - | - | - | 1,328 | 8,466 | 9,794 |
| Balance at 30 September 2018 (Unaudited) | 6,969 | 26,558 | 17,429 | 3,318 | 983 | 22,804 | 78,061 |
| Balance at 1 January 2017 (Audited) | 66 | - | 23,316 | 2,843 | (180) | 11,376 | 37,421 |
| Profit for the period | - | - | - | - | - | 8,606 | 8,606 |
| Other comprehensive income for the period | - | - | - | - | 205 | - | 205 |
| Total comprehensive income for the period | - | - | - | - | 205 | 8,606 | 8,811 |
| Corporate reorganisation | 5,887 | - | (5,887) | - | - | - | - |
| Dividends recognised as distribution | - | - | - | - | - | (6,112) | (6,112) |
| Balance at 30 September 2017 (Unaudited) | 5,953 | - | 17,429 | 2,843 | 25 | 13,870 | 40,120 |

NOTES TO UNAUDITED CONDENSED 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 unaudited 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 statements have been prepared in accordance with the accounting policies, which conform the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules. The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

The Group has applied the following new and amendments to HKFRSs and interpretation issued by the HKICPA for the first time in the current period:

| | |
|-----------------------|---|
| HKFRS 9 | Financial Instruments |
| HKFRS 15 | Revenue from Contracts with Customers and related Amendments |
| Amendments to HKAS 28 | As part of the Annual Improvements to HKFRS 2014-2016 Cycle |
| Amendments to HKAS 40 | Transfers of Investment Property |
| Amendments to HKFRS 2 | Classification and Measurement of Share-based Payment Transactions |
| Amendments to HKFRS 4 | Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts |
| HK(IFRIC)-Int 22 | Foreign Currency Transactions and Advance Consideration |

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 30 September | | For the nine months ended 30 September | |
|---|--|--------------------------------|---|--------------------------------|
| | 2018 RMB'000 (Unaudited) | 2017 RMB'000 (Unaudited) | 2018 RMB'000 (Unaudited) | 2017 RMB'000 (Unaudited) |
| Sales of inflatable products and related accessories | 53,229 | 42,076 | 114,421 | 127,442 |
| Sub-contracting income | 21 | – | 1,341 | – |
| | 53,250 | 42,076 | 115,762 | 127,442 |

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.

| | For the three months ended 30 September | | For the nine months ended 30 September | |
|---------------------------------|--|--------------------------------|---|--------------------------------|
| | 2018 RMB'000 (Unaudited) | 2017 RMB'000 (Unaudited) | 2018 RMB'000 (Unaudited) | 2017 RMB'000 (Unaudited) |
| Revenue from external customers | | | | |
| – China | 21,414 | 4,906 | 32,098 | 20,600 |
| – Europe | 2,597 | 5,069 | 27,066 | 33,863 |
| – Australia and Oceania | 6,535 | 10,925 | 9,461 | 12,123 |
| – North America | 3,275 | 6,503 | 14,383 | 21,003 |
| – Asia | 17,271 | 13,346 | 28,890 | 37,411 |
| – Central and South America | 2,158 | 1,024 | 3,532 | 2,110 |
| – Africa | – | 303 | 332 | 332 |
| | 53,250 | 42,076 | 115,762 | 127,442 |

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 30 September | | For the nine months ended 30 September | |
|--|--|--------------------------------|---|--------------------------------|
| | 2018 RMB'000 (Unaudited) | 2017 RMB'000 (Unaudited) | 2018 RMB'000 (Unaudited) | 2017 RMB'000 (Unaudited) |
| Current tax for the period | | | | |
| Hong Kong Profits Tax | 342 | 445 | 649 | 1,279 |
| PRC Enterprise Income Tax | 996 | 199 | 1,097 | 1,523 |
| Deferred tax | 279 | (11) | 227 | 102 |
| Total income tax recognised in profit or loss | 1,617 | 633 | 1,973 | 2,904 |

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 30 September | | For the nine months ended 30 September | |
|---|--|--------------------------------|---|--------------------------------|
| | 2018 RMB'000 (Unaudited) | 2017 RMB'000 (Unaudited) | 2018 RMB'000 (Unaudited) | 2017 RMB'000 (Unaudited) |
| Cost of inventories recognised as an expense | 40,392 | 32,563 | 89,899 | 97,906 |
| Depreciation of property, plant and equipment | 404 | 419 | 1,218 | 1,270 |
| Amortisation of intangible assets | 25 | 29 | 83 | 79 |
| Net foreign exchange losses | (154) | 213 | 35 | 1,040 |
| Operating lease payments | 1,374 | 1,296 | 4,111 | 3,983 |
| Employee benefits expense (including directors' emoluments) | | | | |
| Salaries, wages and other benefits | 7,470 | 7,672 | 22,806 | 23,530 |
| Contribution to retirement benefits schemes | 736 | 349 | 2,233 | 914 |
| Total employee benefits expense | 8,206 | 8,021 | 25,039 | 24,444 |

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 30 September | | For the nine months ended 30 September | |
|---|---|--------------------------------|--|--------------------------------|
| | 2018 RMB'000 (Unaudited) | 2017 RMB'000 (Unaudited) | 2018 RMB'000 (Unaudited) | 2017 RMB'000 (Unaudited) |
| Earnings | | | | |
| Profit for the period attributable to the owners of the Company for the purpose of basic earnings per share | 6,341 | 1,407 | 8,466 | 8,606 |
| Number of shares | '000 | '000 | '000 | '000 |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 800,000 | 680,000 | 800,000 | 680,000 |

The weighted average number of ordinary shares for the purpose of basic earnings per share for the three months and nine months ended 30 September 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 and nine months ended 30 September 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 and nine months ended 30 September 2018 and 2017.

7. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the nine months ended 30 September 2018 (2017: RMB6,112,000).

The dividends of HK\$7,000,000 (equivalent to approximately RMB6,112,000) declared and paid in June 2017 represented the dividends paid by a subsidiary of the Company to its then equity owners prior to the corporation reorganisation on 20 June 2017.

The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful for the preparation of these consolidated financial statements.

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 nine months ended 30 September 2018 (the "Period"), the Group recorded a decrease in revenue of approximately RMB11,680,000 or 9.2% as compared with that of the same period in 2017 mainly due to the significant decrease in revenue in the second quarter of 2018. However, the Group has shown improvement in its sales performance in the third quarter of 2018 and recorded an increase in revenue of approximately RMB11,174,000 or 26.6% during the third quarter of 2018 as compared with that of the same period in 2017.

The gross profit margin decreased slightly to approximately 22.3% for the Period as compared to approximately 23.2% for the same period in 2017. Due to the increase in sales during the third quarter of 2018, the profit for the Period remained relatively stable at approximately RMB8,466,000 as compared with the corresponding period (2017: RMB8,606,000).

The Group has been developing a new generation of inflatable products with electronic interactive features incorporating sound and light effects into the bouncing play. The Interactive device was well received in the Amsterdam EAS exhibition in September 2018. At the same time, it has also received positive responses in the promotion of the domestic market.

In order to cope with the production and long-term development of new products, the Group has set up an electronic production department with an area of approximately 2,000 square metres. The Group has purchased a batch of equipment such as Japan high-speed surface mounting machine, wave soldering machine and reflow soldering machine. A development department with about 10 members was formed and about 40 production workers were recruited. The Directors expect that the first batch of products will be shipped to domestic and foreign customers by December of this year.

The Group expects the launch of the new products will provide support to the sales growth and the gross profit margin from the fourth quarter of this year.

FINANCIAL REVIEW

Revenue

The Group's revenue was approximately RMB115,762,000 for the Period, representing a decrease of approximately RMB11,680,000 or 9.2% as compared to the revenue for the same period in 2017. However, the Group recorded revenue of approximately RMB53,250,000 during the third quarter of 2018, an increase of approximately RMB11,174,000 or 26.6% as compared to the revenue of the third quarter in 2017. Revenue from the sales of inflatable playgrounds with air blowers for the Period was approximately RMB102,228,000 (2017: RMB115,382,000), decreased by approximately RMB13,154,000 or 11.4% compared with the corresponding period, which accounted for approximately 88.3% of the total revenue (2017: 90.5%); revenue from the sales of other inflatable products for the Period was approximately RMB2,984,000 (2017: RMB6,821,000), decreased by approximately RMB3,837,000 or 56.3% compared with the corresponding period, which accounted for approximately 2.6% of the total revenue (2017: 5.4%); revenue from the sales of inflatable products related accessories and subcontracting work for the Period was approximately RMB10,550,000 (2017: RMB5,239,000), increased by approximately RMB5,311,000 or 101.4%, which accounted for approximately 9.1% of the total revenue (2017: 4.1%).

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 decreased by approximately RMB8,007,000 to approximately RMB89,899,000 for the Period from approximately RMB97,906,000 for the corresponding period in 2017 due to the decrease in revenue.

Gross profit and gross profit margin

The Group recorded a gross profit of approximately RMB25,863,000 for the Period, a decrease of approximately RMB3,673,000 as compared with the corresponding period (2017: RMB29,536,000) mainly due to the decrease in revenue. Gross profit margin also decreased slightly to approximately 22.3% for the Period from 23.2% during the corresponding period.

Other income and gains

Total other income and gains was approximately RMB1,513,000 for the Period, representing an increase of approximately RMB1,161,000 as compared with the corresponding period (2017: RMB352,000), mainly due to the Group recorded (i) an increase of grants and subsidies from the P.R.C. government of approximately RMB502,000 to approximately RMB796,000 during the Period as compared with the corresponding period (2017: RMB294,000); and (ii) an increase of interest income of approximately RMB75,000 and other gains of approximately RMB584,000 as compared with the corresponding period.

Distribution and selling expenses

Total distribution and selling expenses was approximately RMB6,183,000 for the Period (2017: RMB7,095,000), a decrease of RMB912,000 or 12.9% as compared to the corresponding period. The decrease was mainly resulted from: (i) decrease in commission and after-sales service expenses by approximately RMB1,154,000; partially offset by (ii) increase in advertising and promotion expenses by approximately RMB81,000; and (iii) increase in employee benefits expenses by approximately RMB101,000.

Administrative expenses

The administrative expenses was approximately RMB10,754,000 for the Period (2017: RMB9,948,000), an increase of RMB806,000 or 8.1% as compared to the corresponding period in 2017. The increase was mainly resulted from the increase in legal and professional fee by approximately RMB837,000 and directors' emoluments by approximately RMB370,000 after listing; partially offset by the decrease in net foreign exchange loss recorded in the Period.

Finance costs

No finance costs was recorded for the Period (2017: Nil).

Profit for the period

Profit for the Period was approximately RMB8,466,000, a decrease of approximately RMB140,000 or 1.6% as compared with corresponding period (2017: RMB8,606,000).

Dividends

The Board does not recommend the payment of any interim dividend for the Period (2017: RMB6,112,000).

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 30 September 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 positions in ordinary shares of the Company

| Name of Director/ Chief Executive | Capacity/Nature of interest | Number of underlying Shares | Percentage of shareholding <i>(Note 2)</i> |
|--------------------------------------|--------------------------------------|--------------------------------|--|
| Mr. Lee Kin Kee <i>(Note 1)</i> | 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 30 September 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 30 September 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 interest 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 <i>(Note 4)</i> |
|--|--------------------------------------|-----------------------------|---|
| Nonton Limited | Beneficial owner | 427,756,000 | 53.47% |
| Mr. Lee King Sun <i>(Note 1)</i> | Interest in a controlled corporation | 427,756,000 | 53.47% |
| Ms. Chak Lai Hung Theresa <i>(Note 2)</i> | Interest of spouse | 427,756,000 | 53.47% |
| Blink Wishes Limited | Beneficial owner | 172,244,000 | 21.53% |
| Ms. Law Siu Ling <i>(Note 3)</i> | 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 30 September 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 ADVISER

As at 30 September 2018, as notified by the Company’s compliance adviser, Frontpage Capital Limited (the “Compliance Adviser”), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser, neither the Compliance Adviser 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 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, 6 November 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.