

SATU HOLDINGS LIMITED

舍圖控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8392)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

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*This announcement, 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 announcement 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 announcement misleading.*

UNAUDITED INTERIM RESULTS

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 six months ended 30 September 2017 (the “**Period**”), together with the comparative figures for the corresponding period in 2016 (the “**Previous Period**”). The information should be read in conjunction with the prospectus of the Company dated 29 September 2017 (the “**Prospectus**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2017

		Six months ended	
		30 September	
		2017	2016
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	4	35,848	34,027
Cost of sales		<u>(23,546)</u>	<u>(21,291)</u>
Gross profit		12,302	12,736
Other income and net gains	4	427	208
Selling and distribution expenses		(3,037)	(2,392)
Administrative and other operating expenses		<u>(13,978)</u>	<u>(2,610)</u>
(Loss)/profit from operations		(4,286)	7,942
Finance costs	5	<u>(48)</u>	<u>(16)</u>
(Loss)/profit before tax		(4,334)	7,926
Income tax expense	6	<u>(953)</u>	<u>(1,350)</u>
(Loss)/profit for the period	7	<u>(5,287)</u>	<u>6,576</u>
Attributable to:			
Owners of the Company		(5,287)	6,634
Non-controlling interests		<u>–</u>	<u>(58)</u>
		<u>(5,287)</u>	<u>6,576</u>
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company			
Basic and diluted	8	<u>HK0.53 cents</u>	<u>HK0.66 cents</u>

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

For the six months ended 30 September 2017

	Six months ended	
	30 September	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
(Loss)/profit for the period	(5,287)	6,576
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>11</u>	<u>(11)</u>
Other comprehensive income for the period, net of tax	<u>11</u>	<u>(11)</u>
Total comprehensive income for the period	<u>(5,276)</u>	<u>6,565</u>
Attributable to:		
Owner of the Company	(5,276)	6,620
Non-controlling interests	<u>–</u>	<u>(55)</u>
	<u>(5,276)</u>	<u>6,565</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	<i>Notes</i>	As at 30 September 2017 <i>HK\$'000</i> (unaudited)	As at 31 March 2017 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment		1,343	729
Deferred tax assets		81	81
		1,424	810
Current assets			
Inventories		1,612	1,342
Trade receivables	10	13,723	14,543
Prepayments, deposits and other receivables		1,074	1,909
Amount due from a related company		–	1,730
Bank and cash balances		9,346	9,170
		25,755	28,694
Current liabilities			
Trade payables	11	5,831	2,871
Other payables and accruals	11	7,863	544
Deposits receipt in advance	11	286	240
Amount due to a shareholder		–	1,143
Current tax liabilities		1,356	888
Finance lease obligation	12	155	–
Bank borrowing		–	427
		15,491	6,113
Net current assets		10,264	22,581
Total assets less current liabilities		11,688	23,391
Non-current liabilities			
Finance lease obligation	12	573	–
NET ASSETS		11,115	23,391
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	13	380	20
Reserves		10,735	23,371
TOTAL EQUITY		11,115	23,391

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2017

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability and is domiciled in Hong Kong. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is Unit 2504, 25/F, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Hong Kong. The shares of the Company ("**Shares**") are listed on the GEM of the Stock Exchange on 16 October 2017 (the "**Listing**").

The Company is an investment holding company. The principal activities of its principal subsidiaries are the design, development and production management of a wide variety of homeware products.

In the opinion of the Directors, as at the date of this announcement, Hearthfire Limited ("**Hearthfire**"), company incorporated in the British Virgin Islands is the immediate and ultimate parent, and Mr. She Leung Choi ("**Mr. She**") who is the director of the Company, is the ultimate controlling party.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the Period has been prepared in accordance with the applicable disclosure requirement of the GEM Listing Rules, and with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

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

The unaudited condensed consolidated interim financial information have been prepared in accordance with the same accounting policies adopted in the audited financial statements for the year ended 31 March 2017 as set out in the Appendix I of the Prospectus, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in note 3. The preparation of the unaudited condensed consolidated interim financial information in conformity with HKAS 34 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 interim financial information contain 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 2017. The unaudited condensed consolidated interim financial information and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The unaudited condensed consolidated interim financial information have been prepared under the historical cost convention. The unaudited condensed consolidated interim financial information are unaudited but has been reviewed by the Company’s audit committee.

This unaudited condensed consolidated interim financial information are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (“HK\$’000”) unless otherwise indicated.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2017, as described in those annual financial statements. In the current interim Period, the Group has applied, for the first time, the following amendments issued by the HKICPA:

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

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the unaudited condensed consolidated interim financial information and/or disclosures set out in the unaudited condensed consolidated interim 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 interim financial information.

4. REVENUE AND SEGMENT INFORMATION

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

	Six months ended	
	30 September	
	2017	2016
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(unaudited)	(unaudited)
Revenue		
Sales of homeware products	<u>35,848</u>	<u>34,027</u>
Other income and net gains		
Interest income	1	–
Packaging income	288	5
Sampling income	47	100
Gain on disposal of property, plant and equipment	47	–
Others	<u>44</u>	<u>103</u>
	<u>427</u>	<u>208</u>

Segment information

The executive Directors of the Company, being the chief operating decision maker, regularly review revenue analysis by customers and by locations. The executive Directors of the Company considered the operating activities of designing and trading of homeware products as a single operating segment. The operating segment has been identified with reference to the internal management reports and is regularly reviewed by the executive Directors of the Company. The executive Directors of the Company review the overall results, assets and liabilities of the Group as a whole to make decisions about resources allocation. Accordingly, no analysis of this single operating segment is presented.

Geographical information

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

	Six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue		
United Kingdom	11,821	9,028
Denmark	9,616	12,795
France	4,029	1,863
United States	1,434	458
Poland	1,334	1,038
Italy	754	630
Australia	340	1,524
Others	6,520	6,691
	<u>35,848</u>	<u>34,027</u>

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

	As at	As at
	30 September	31 March
	2017	2017
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Hong Kong	1,120	403
PRC	223	326
	<u>1,343</u>	<u>729</u>

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	Six months ended 30 September	
	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)
Customer A	8,182	6,213
Customer B	8,005	12,308
Customer C	7,348	3,706

5. FINANCE COSTS

	Six months ended 30 September	
	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)
Finance lease charges	23	–
Interest on bank borrowings	25	16
	<u>48</u>	<u>16</u>

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)
Current tax — Hong Kong Profits Tax	<u>953</u>	<u>1,350</u>

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

Hong Kong Profits Tax has been calculated at a rate of 16.5% on the estimated assessable profits during the Period.

Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

No PRC enterprise income tax has been made since the Group did not generate any assessable profits arising in the PRC during the Period.

7. (LOSS)/PROFIT FOR THE PERIOD

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

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Auditor's remuneration	500	45
Cost of homeware products	20,936	19,152
Depreciation	227	159
Foreign exchange loss, net	1	160
Listing expenses	10,361	–
Operating lease charges in respect of:		
— Office premises	893	769
Staff costs including directors' emoluments		
— Salaries, allowances and bonus	2,555	1,938
— Retirement benefit scheme contributions	168	144

8. (LOSS)/EARNING PER SHARE

Basic (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to owners of the Company for the Period of loss of HK\$5,287,000 (Previous Period: profit of HK\$6,634,000) and the weighted average of 1,000,000,000 ordinary shares (Previous Period: 1,000,000,000 ordinary shares) in issue during the Period.

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

Diluted (loss)/earnings per share

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

9. DIVIDENDS

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

The Directors do not recommend a payment of an interim dividend of the Company for the Period.

10. TRADE RECEIVABLES

	As at 30 September 2017 <i>HK\$'000</i> (unaudited)	As at 31 March 2017 <i>HK\$'000</i> (audited)
Trade receivables	<u>13,723</u>	<u>14,543</u>

The Group's credit terms generally range from 30 to 120 days. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the Directors.

The aging analysis of trade receivables, based on the delivery date, is as follows:

	As at 30 September 2017 <i>HK\$'000</i> (unaudited)	As at 31 March 2017 <i>HK\$'000</i> (audited)
0 to 30 days	4,292	10,373
31 to 60 days	5,976	1,383
61 to 120 days	3,286	2,682
Over 120 days	<u>169</u>	<u>105</u>
	<u>13,723</u>	<u>14,543</u>

As at 30 September 2017 and 31 March 2017, trade receivables of approximately HK\$2,123,000 and HK\$921,000 respectively were past due but not impaired. These relate to trade receivables from a number of independent customers of whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 30 September 2017 <i>HK\$'000</i> (unaudited)	As at 31 March 2017 <i>HK\$'000</i> (audited)
0 to 30 days	1,959	700
Over 30 days	<u>164</u>	<u>221</u>
	<u>2,123</u>	<u>921</u>

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
British Pound ("GBP")	9	13
United States Dollars ("USD")	13,714	14,530
	<u>13,723</u>	<u>14,543</u>

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS AND DEPOSITS RECEIPT IN ADVANCE

	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
Trade payables	5,831	2,871
Other payables and accruals		
Accrued staff costs	76	125
Accrued administrative and operating expenses	760	363
Dividend payable	7,000	–
Others	27	56
	<u>7,863</u>	<u>544</u>
Deposits receipt in advance	286	240
	<u>13,980</u>	<u>3,655</u>

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
0 to 90 days	5,757	2,786
91 to 180 days	74	35
Over 180 days	–	50
	<u>5,831</u>	<u>2,871</u>

The credit period ranges from 0 to 30 days.

12. FINANCE LEASE OBLIGATION

	Minimum lease payments		Present value of minimum lease payments	
	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
Within one year	184	–	155	–
In the second to fifth years, inclusive	614	–	573	–
	<u>798</u>	<u>–</u>	<u>728</u>	<u>–</u>
Less: Future finance charges	(70)	–	N/A	N/A
Present value of lease obligations	<u>728</u>	<u>–</u>	<u>728</u>	<u>–</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)			(155)	–
Amount due for settlement after 12 months			<u>573</u>	<u>–</u>

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average lease term is 5 years. As at 30 September 2017, the average effective borrowing rate was 4.3% (31 March 2017: Nil). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of each lease term, the Group has the option to purchase the motor vehicle at nominal price.

13. SHARE CAPITAL

The issued share capital as at 31 March 2017 represented the combined share capital of the Company, B & C Industries Limited ("B&C Industries HK"), South Technology (International) Limited ("South Technology HK") and Satu Brown International Limited ("Satu Brown HK"). The share balance as at 30 September 2017 represented the issued share capital of the Company.

The Company's share capital as at 30 September 2017 was as follows:

	Note	No of shares	HK\$'000
Ordinary shares of HK\$0.01 each			
<i>Authorised:</i>			
At the date of incorporation	(1)	38,000,000	380
Increase in authorised share capital	(3)	<u>9,962,000,000</u>	<u>99,620</u>
As at 30 September 2017 (unaudited)		<u>10,000,000,000</u>	<u>100,000</u>
<i>Issued and fully paid:</i>			
At the date of incorporation	(1)	3	–
Shares issued under Reorganisation	(2)	<u>37,999,997</u>	<u>380</u>
As at 30 September 2017 (unaudited)		<u>38,000,000</u>	<u>380</u>

Notes:

- (1) The Company was incorporated in the Cayman Islands on 27 March 2017 with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares. On the same date, one nil paid Share was allotted and issued to the initial subscriber, which was transferred to Hearthfire and further two nil paid Shares were allotted and issued to Top Clay Limited (“**Top Clay**”) and Present Moment Limited (“**Present Moment**”).

- (2) Reorganisation

On 21 September 2017, Mr. She, Ms. Sze Sau Taap (“**Ms. Sze**”), Ms. Chan Lai Yin (“**Ms. Chan**”), Hearthfire, Top Clay, Present Moment, the Company and B&C Industries BVI entered into a share swap agreement pursuant to which, Mr. She, Ms. Sze and Ms. Chan have agreed to sell, and B&C Industries BVI has agreed to purchase, the 7,500, 1,000 and 1,500 shares held by Mr. She, Ms. Sze and Ms. Chan in B&C Industries HK respectively, representing its entire issued share capital, in consideration of (i) the crediting as fully paid at par the three nil paid Shares registered in the name of each of Hearthfire, Top Clay and Present Moment; and (ii) the allotment and issue of 19,949,999, 2,659,999 and 3,989,999 Shares by the Company, all of which were credited as fully paid and rank pari passu in all respects with the prior issued Shares, to Hearthfire, Top Clay and Present Moment respectively.

On 21 September 2017, Mr. She, Ms. Chan, Hearthfire, Present Moment, the Company and B&C Industries BVI entered into a share swap agreement pursuant to which, Mr. She and Ms. Chan have agreed to sell, and B&C Industries BVI has agreed to purchase, the 9,500 and 500 shares held by Mr. She and Ms. Chan in Satu Brown HK respectively, representing its entire issued share capital, in consideration of the allotment and issue of 7,220,000 and 380,000 Shares by the Company, all of which were credited as fully paid and rank pari passu in all respects with the prior issued Shares, to Hearthfire and Present Moment respectively.

On 21 September 2017, Mr. She, Hearthfire, the Company and B&C Industries BVI entered into a share swap agreement pursuant to which, Mr. She has agreed to sell, and B&C Industries BVI has agreed to purchase, the 100 shares held by Mr. She in South Technology HK, representing its entire issued share capital, in consideration of the allotment and issue of 3,800,000 Shares by the Company, all of which were credited as fully paid and rank pari passu in all respects with the prior issued Shares, to Hearthfire.

- (3) On 22 September 2017, written resolutions of all the then Shareholders were passed to approve, among other things, the increase of the authorised share capital of the Company from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each by the creation of an additional 9,962,000,000 Shares.

14. LEASE COMMITMENTS

As at 30 September 2017 and 31 March 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 30 September 2017 HK\$'000 (unaudited)	As at 31 March 2017 HK\$'000 (audited)
Within one year	2,131	1,310
In the second to fifth years inclusive	3,045	1,063
	5,176	2,373

Operating lease payments represent rentals payable by the Group for its office premises and showroom. Leases are negotiated for an average term of 3 years and rentals are fixed over the lease terms and do not include contingent rentals.

15. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in this announcement, the Group had the following transactions with its related parties:

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Rental expense to Pansino Homeware (Shenzhen) Co., Ltd.* (“Pansino Shenzhen”)	590	446
Goods purchased from Pansino Shenzhen	–	128

* *For identification purpose only*

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

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Short-term benefits	551	523

- (c) As at 31 March 2017, personal guarantees were given by the Mr. She, Ms. Chan, Ms. Sze and Mr. Sai Wing Hong against the banking facilities granted to the Group. No such guarantees exist as at 30 September 2017.
- (d) As at 31 March 2017, legal charge over the property owned by Ms. Sze and Mr. Sai Wing Hong against the banking facilities granted to the Group, which were released in June 2017.
- (e) A trademark owned by Pansino Shenzhen was used by the Group free of charge during the Period and Previous Period, until the trademark was disposed by Pansino Shenzhen in April 2017.

16. EVENTS AFTER THE REPORTING PERIOD

- (1) As at 16 October 2017, pursuant to the written resolution of all the then shareholders of the Company passed on 22 September 2017, the Company were authorised to capitalise HK\$7,120,000 standing to the credit of the share premium account by applying that sum in paying up in full at par 712,000,000 Shares for allotment and issue to its then existing shareholders in the Company in the proportion to their then respective percentage of shareholdings in the Company prior to Listing, and so that the Shares to be allotted and issued pursuant to the resolution shall rank pari passu in all respects with the then existing issued Shares.
- (2) The Company listed its shares on the GEM of the Stock Exchange on 16 October 2017 and issued a total of 250,000,000 Shares by way of public offer and placing at a price of HK\$0.22 each on Listing.

BUSINESS REVIEW AND OUTLOOK

The Group is a provider of homeware products with headquarters in Hong Kong. We are principally engaged in the design, development and production management of a wide variety of homeware products with operations in the People's Republic of China (the "PRC") and Hong Kong, and has built a diverse global customer portfolio comprising international brand owners and licensee, chain supermarkets and renowned department stores. Our homeware products were exported to overseas, with Europe being our major shipment destination. Our Group also commenced the sales of our own branded products which are being sold through third party e-commerce platform since August 2016.

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

The Shares of the Company were listed on the GEM of the Stock Exchange on 16 October 2017 (the "Listing").

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

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

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

FINANCIAL REVIEW

Revenue

The Group's revenue for the Period was approximately HK\$35.8 million, representing an increase of approximately 5.3% as compared that of approximately HK\$34.0 million for the Previous Period. Such growth in revenue was primarily due to increase in sales orders from two major customers and increase in sales through third-party e-commerce platform during the Period.

Cost of Sales

The Group's cost of sales increased by approximately 10.3% from approximately HK\$21.3 million for the Previous Period to approximately HK\$23.5 million for the Period. This was mainly attributable to the sales volume procured by certain major customers and through third party e-commerce platform during the Period.

Gross Profit

Gross profit remained stable at approximately HK\$12.3 million for the Period as compared to approximately HK\$12.7 million for the Previous Period. The gross profit margin dropped from approximately 37.4% for the Previous Period to approximately 34.3% for the Period solely because the Group has offered a relatively lower price to certain major customers for their increase in procurement volume during the Period.

Selling and Distribution Expenses

During the Period, selling and distribution expenses increased to approximately HK\$3.0 million, representing an increase of approximately 25.0%, from approximately HK\$2.4 million for the Previous Period. Such increase was in line with the growth of revenue during the Period.

Administrative Expenses

The Group's administrative expenses increased by approximately 438.5% from approximately HK\$2.6 million for the Previous Period to approximately HK\$14.0 million for the Period. Such increase was mainly due to the increase in salaries, allowances and other benefits and provision for audit fee as a result of the Group's expansion on management team and recurring incidental expenses for Listing.

During the Period, the Group incurred listing expenses of approximately HK\$10.4 million, which was non-recurring in nature.

Income tax expense

The Group's income tax expenses was approximately HK\$1.0 million, decreased by approximately 28.6% as compared to approximately HK\$1.4 million for the Previous Period, which was mainly due to the increase in costs and expenses causing the decrease in profit before tax.

Loss for the Period

The Group recorded loss of approximately HK\$5.3 million for the Period after deducting the listing expenses of approximately HK\$10.4 million, while profit of approximately HK\$6.6 million for the Previous Period was recorded. Taking no account of the impact of the listing expenses, the Group recorded profit of approximately HK\$5.1 million, representing a year-on-year decrease of approximately 22.7%. The decrease was mainly attributable to the increase in selling and distribution expenses and administrative expenses, in particular the staff costs and the provision for audit.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's policy is to regularly monitor its current and expected liquidity requirements and its relationship with its bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

As at 30 September 2017, the Group had bank and cash balances of approximately HK\$9.3 million (31 March 2017: HK\$9.2 million). As at 30 September 2017, the Group's indebtedness comprised finance lease obligation of approximately HK\$0.7 million, while the Group's indebtedness comprised bank borrowing of approximately HK\$0.4 million and amount due to shareholders of approximately HK\$1.1 million as at 31 March 2017.

Gearing ratio is calculated as total debts divided by total equity as at the respective period. As at 30 September 2017, the gearing ratio was 6.5%, which remained stable as compared to that of 6.7% as at 31 March 2017.

As at 30 September 2017, the Group's total assets amounted to approximately HK\$27.2 million (31 March 2017: HK\$29.5 million) and net assets amounting to approximately HK\$11.1 million (31 March 2017: HK\$23.4 million).

As at 30 September 2017, current ratio and quick ratio of the Group decreased to 1.7 and 1.6 respectively, as compared to that of 4.7 and 4.5 as at 31 March 2017 respectively. This was mainly attributable to the dividend distribution of HK\$7.0 million which increased the current liabilities during the Period.

Our Company was incorporated in the Cayman Islands on 27 March 2017 with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. On the same date, one nil paid Share was allotted and issued to the initial subscriber, which was transferred to Hearthfire and further two nil paid Shares were allotted and issued to Top Clay and Present Moment. On 21 September 2017, 30,969,999 Shares, 2,659,999 Shares and 4,369,999 Shares were issued and allotted to Hearthfire, Top Clay and Present Moment respectively.

On 22 September 2017, written resolutions of all the then shareholders of the Company were passed to approve, among other things, the increase of the authorised share capital of the Company from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional 9,962,000,000 Shares. On 16 October 2017, pursuant to the capitalisation issue of the Company passed by all the then shareholders of the Company on 22 September 2017, additional 712,000,000 Shares were allotted and issued to Hearthfire, Top Clay and Present Moment, in proportion to their then respective percentage of shareholding in the Company prior to Listing.

The Company listed its Shares on the GEM of the Stock Exchange on 16 October 2017 and issued a total of 250,000,000 Shares by way of public offer and placing at a price of HK\$0.22 each upon Listing.

SEGMENTAL INFORMATION

Segmental information is presented for the Group in note 4 of the unaudited condensed consolidated interim financial information.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from Listing, after deducting the listing expenses of approximately HK\$23.6 million, amounted to approximately HK\$31.4 million, which is slightly lower than the estimated net proceeds of approximately HK\$32.0 million. The difference of approximately HK\$0.6 million has been adjusted in the same manner and in the same proportion to the use of proceeds as disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus. The net proceeds raised by the Group have not been utilised from the date of Listing up to the date of this announcement, and have been placed as bank balances with licensed bank in Hong Kong and will be applied in the manner consistent with the proposed allocations as disclosed in the Prospectus.

HUMAN RESOURCES

As at 30 September 2017, the Group had a total of 25 full-time employees, and the total employee benefit expenses for the Period amounted to approximately HK\$2.7 million (Previous Period: HK\$2.1 million). The Group determines the remuneration of its employees based on, among other factors, each employee’s qualifications, experience and past performance.

The Group recognises the importance of having good relationship with our employees, and believes our working environment and employee development opportunities have contributed to good employee relations and employee retention. The Group recruits our employees based on a number of factors such as their work experience, educational background and our needs. The Company established a remuneration committee on 22 September 2017, which will regularly review and make recommendations to the Board on the overall remuneration policy, compensation package and structure for our Directors and senior management.

FOREIGN CURRENCY EXPOSURE

The Group is exposed to currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong Dollars, Renminbi, GBP and USD. The Group's sales and purchases are primarily denominated and settled in USD. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities but would monitor the foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a resolution of the then shareholders of the Company on 22 September 2017 to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No option has been granted up to the date of this announcement.

PLEDGE OF ASSETS

The finance lease obligation as at 30 September 2017 was secured against a motor vehicle with carrying amounts of approximately HK\$0.8 million.

OPERATING LEASE COMMITMENTS

As at 30 September 2017, the Group had commitments for future minimum lease payments of approximately HK\$5.2 million (31 March 2017: HK\$2.4 million) under the non-cancellable leases.

CAPITAL COMMITMENT

As at 30 September 2017 and 31 March 2017, the Group did not have any capital commitment.

CONTINGENT LIABILITIES

As at 30 September 2017 and 31 March 2017, the Group did not have any contingent liabilities.

MATERIAL ACQUISITIONS OR DISPOSAL

The Group had no material acquisitions or disposals during the Period.

DIVIDENDS

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

The Board takes into account, among other factors, the Group's overall results of operation, financial position and capital requirements in considering the declaration of dividends. The Board does not recommend a payment of an interim dividend for the Period.

CORPORATE GOVERNANCE

Pursuant to code provision A.2.1 of the Corporate Governance Code (“**CG Code**”) and Corporate Governance Report in Appendix 15 to the GEM Listing Rules, the role of chairman and the chief executive should be segregated and should not be performed by the same individual. However, we do not have a separate chairman and chief executive and Mr. She currently performs these two roles. Our Board believes that vesting the roles of both chairman and chief executive in the same position has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure enables our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of our Board and chief executive of our Company when it is appropriate and suitable, by taking into account the circumstances of our Group as a whole.

The code provisions of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules were not applicable to the Company for the Period as the Shares were not yet listed on the GEM of the Stock Exchange as at 30 September 2017. Save for the deviation from the code provision of A.2.1 of the CG Code, the Company has adopted and complied with the code provisions, since Listing.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The code of conduct for securities transactions by Directors was not applicable to the Company during the Period as the Shares were not yet listed on the GEM of the Stock Exchange as at 30 September 2017. The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiry with all Directors and all Directors have confirmed, that they have complied with the required standard of dealings and the code of conduct regarding directors' securities transactions adopted by the Company from the date of Listing up to the date of this announcement.

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.

INTERESTS OF COMPLIANCE ADVISER

As at the date of this announcement, as notified by the Company's compliance adviser, Sunfund Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement dated 12 June 2017 entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period as the Shares were not yet listed on the Stock Exchange as at 30 September 2017.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") on 22 September 2017 with its written terms of reference in compliance with the GEM Listing Rules. The Audit Committee comprising three independent non-executive Directors, namely Mr. Ho Kim Ching, Mr. Chan Ching Sum Sam and Ms. Fan Pui Shan, has reviewed the accounting standards and policies adopted by the Group and the interim report including the unaudited condensed consolidated interim financial information of the Group for the Period.

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

Hong Kong, 10 November 2017

As at the date of this announcement, 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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange 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 announcement 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 announcement misleading.

This announcement will remain on the ‘‘Latest Company Announcements’’ page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication. This announcement will also be published on the Company’s website at www.bnc.cc.