

# SATU HOLDINGS LIMITED

舍圖控股有限公司

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

**(Stock Code: 8392)**

## **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2017**

### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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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 THIRD QUARTERLY 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 three months and nine months ended 31 December 2017, together with the comparative figures for the corresponding period in 2016. 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 nine months ended 31 December 2017

	Notes	Nine months ended 31 December		Three months ended 31 December	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
<b>Revenue</b>	4	<b>57,401</b>	46,939	<b>21,553</b>	12,912
Cost of sales		<b>(39,743)</b>	(28,895)	<b>(16,197)</b>	(7,604)
<b>Gross profit</b>		<b>17,658</b>	18,044	<b>5,356</b>	5,308
Other income and net gains	4	<b>831</b>	451	<b>404</b>	243
Selling and distribution expenses		<b>(5,384)</b>	(4,327)	<b>(2,347)</b>	(1,935)
Administrative and other operating expenses		<b>(20,058)</b>	(3,887)	<b>(6,080)</b>	(1,277)
<b>(Loss)/profit from operations</b>		<b>(6,953)</b>	10,281	<b>(2,667)</b>	2,339
Finance costs	5	<b>(67)</b>	(24)	<b>(19)</b>	(8)
<b>(Loss)/profit before tax</b>		<b>(7,020)</b>	10,257	<b>(2,686)</b>	2,331
Income tax expense	6	<b>(1,113)</b>	(1,652)	<b>(160)</b>	(302)
<b>(Loss)/profit for the periods</b>	7	<b>(8,133)</b>	8,605	<b>(2,846)</b>	2,029
Attributable to:					
Owners of the Company		<b>(8,133)</b>	8,527	<b>(2,846)</b>	1,893
Non-controlling interests		<b>–</b>	78	<b>–</b>	136
		<b>(8,133)</b>	8,605	<b>(2,846)</b>	2,029
<b>(Loss)/earnings per share for (loss)/profit attributable to owners of the Company</b>					
Basic and diluted	8	<b>HK(0.81) cents</b>	HK0.85 cents	<b>HK(0.28) cents</b>	HK0.19 cents

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

*For the nine months ended 31 December 2017*

	Nine months ended 31 December		Three months ended 31 December	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
<b>(Loss)/profit for the periods</b>	<b>(8,133)</b>	8,605	<b>(2,846)</b>	2,029
<b>Other comprehensive income:</b> <i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	<u>12</u>	<u>(27)</u>	<u>1</u>	<u>(16)</u>
<b>Other comprehensive income for the periods, net of tax</b>	<u>12</u>	<u>(27)</u>	<u>1</u>	<u>(16)</u>
<b>Total comprehensive income for the periods</b>	<u><b>(8,121)</b></u>	<u>8,578</u>	<u><b>(2,845)</b></u>	<u>2,013</u>
Attributable to:				
Owner of the Company	<u>(8,121)</u>	8,497	<u>(2,845)</u>	1,877
Non-controlling interests	<u>-</u>	<u>81</u>	<u>-</u>	<u>136</u>
	<u><b>(8,121)</b></u>	<u>8,578</u>	<u><b>(2,845)</b></u>	<u>2,013</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the nine months ended 31 December 2017*

	Attributable to owners of the Company					Total	Non- controlling interests	Total equity
	Share capital	Share premium	Other reserve	Foreign currency translation reserve	Retained earnings			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2016	20	–	5	(20)	13,348	13,353	(279)	13,074
Profit and total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>(30)</u>	<u>8,527</u>	<u>8,497</u>	<u>81</u>	<u>8,578</u>
At 31 December 2016 (unaudited)	<u>20</u>	<u>–</u>	<u>5</u>	<u>(50)</u>	<u>21,875</u>	<u>21,850</u>	<u>(198)</u>	<u>21,652</u>
At 1 April 2017	<b>20</b>	–	<b>8</b>	<b>(38)</b>	<b>23,401</b>	<b>23,391</b>	–	<b>23,391</b>
Loss and total comprehensive income for the period	–	–	–	<b>12</b>	<b>(8,133)</b>	<b>(8,121)</b>	–	<b>(8,121)</b>
Shares issued under Reorganisation	<b>360</b>	–	<b>(360)</b>	–	–	–	–	–
Capitalisation issue	<b>7,120</b>	<b>(7,120)</b>	–	–	–	–	–	–
Issue of new Shares by way of Share Offer	<b>2,500</b>	<b>52,500</b>	–	–	–	<b>55,000</b>	–	<b>55,000</b>
Transaction costs attributable to issue of new Shares	–	<b>(8,515)</b>	–	–	–	<b>(8,515)</b>	–	<b>(8,515)</b>
Dividends	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>–</u>	<u>(7,000)</u>
At 31 December 2017 (unaudited)	<u><b>10,000</b></u>	<u><b>36,865</b></u>	<u><b>(352)</b></u>	<u><b>(26)</b></u>	<u><b>8,268</b></u>	<u><b>54,755</b></u>	<u><b>–</b></u>	<u><b>54,755</b></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*For the nine months ended 31 December 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 Company's shares ("**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 31 December 2017, Hearthfire Limited, a company incorporated in the British Virgin (the "**BVI**") 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 financial information for the nine months ended 31 December 2017 has been prepared in accordance with the applicable disclosure requirement of the GEM Listing Rules, and with applicable Hong Kong Accounting Standard ("**HKAS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The unaudited condensed consolidated financial information and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

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 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 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 financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

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

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

### 3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2017, as described in those annual financial statements. In the current 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 period has had no material effect on the amounts reported in the unaudited condensed consolidated financial information and/or disclosures set out in the unaudited condensed consolidated financial information.

The Group has not early adopted any new or revised HKFRSs that have been issued but are not yet effective in the unaudited condensed consolidated financial information.

### 4. REVENUE AND SEGMENT INFORMATION

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

	Nine months ended		Three months ended	
	31 December		31 December	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>Revenue</b>				
Sales of homeware products	<b>57,401</b>	46,939	<b>21,553</b>	12,912
<b>Other income and net gains</b>				
Interest income	22	–	21	–
Packaging income	403	164	115	159
Sampling income	129	126	82	26
Gain on disposal of property, plant and equipment	47	–	–	–
Others	230	161	186	58
	<b>831</b>	451	<b>404</b>	243

#### 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:

	Nine months ended		Three months ended	
	31 December		31 December	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue				
United Kingdom	20,507	14,030	8,686	5,002
Denmark	13,275	13,754	3,659	959
France	6,319	2,659	2,290	796
United States	2,388	1,733	954	1,275
Poland	2,924	1,484	1,590	446
Italy	1,340	793	586	163
Australia	594	1,571	254	47
Others	10,054	10,915	3,534	4,224
	<u>57,401</u>	<u>46,939</u>	<u>21,553</u>	<u>12,912</u>

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

	As at	As at
	31 December	31 March
	2017	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Hong Kong	1,125	403
The People's Republic of China (the "PRC")	182	326
	<u>1,307</u>	<u>729</u>

## Information about major customers

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

	Nine months ended		Three months ended	
	31 December		31 December	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Customer A	11,977	8,369	3,795	2,156
Customer B	11,030	12,759	3,025	451
Customer C	13,854	5,401	6,506	1,695
	<u>11,977</u>	<u>8,369</u>	<u>3,795</u>	<u>2,156</u>
	<u>11,030</u>	<u>12,759</u>	<u>3,025</u>	<u>451</u>
	<u>13,854</u>	<u>5,401</u>	<u>6,506</u>	<u>1,695</u>

## 5. FINANCE COSTS

	Nine months ended 31 December		Three months ended 31 December	
	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)
Finance lease charges	31	–	8	–
Interest on bank borrowings	36	24	11	8
	<u>67</u>	<u>24</u>	<u>19</u>	<u>8</u>

## 6. INCOME TAX EXPENSE

	Nine months ended 31 December		Three months ended 31 December	
	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)
Current tax — Hong Kong Profits Tax	<u>1,113</u>	<u>1,652</u>	<u>160</u>	<u>302</u>

The Company was incorporated in the Cayman Islands and B & C Industries (BVI) Limited was incorporated in 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 for the three months and nine months ended 31 December 2017 and 2016.

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 for the three months and nine months ended 31 December 2017 and 2016.



## 7. (LOSS)/PROFIT FOR THE PERIODS

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

	Nine months ended 31 December		Three months ended 31 December	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Auditor's remuneration	755	70	255	25
Cost of homeware products	33,924	25,160	12,988	6,008
Depreciation	382	238	155	79
Foreign exchange loss, net	23	261	22	101
Listing expenses	13,470	–	3,109	–
Operating lease charges in respect of:				
— Office premises	1,456	1,118	563	349
Staff costs including directors' emoluments				
— Salaries, allowances and bonus	4,207	3,011	1,652	1,073
— Retirement benefit scheme contributions	294	184	126	40

## 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 three months and nine months ended 31 December 2017 of loss of HK\$2,846,000 and HK\$8,133,000 respectively (Three months and nine months ended 31 December 2016: profit of HK\$1,893,000 and HK\$8,527,000 respectively) and the weighted average of 1,000,000,000 ordinary shares in issue during the three months and nine months ended 31 December 2016 and 2017.

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 three months and nine months ended 31 December 2016 and 2017, and hence the diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

## 9. DIVIDENDS

During the nine months ended 31 December 2017, 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 nine months ended 31 December 2016.

The Directors do not recommend a payment of dividend of the Company for the nine months ended 31 December 2017.

## 10. RELATED PARTY TRANSACTIONS

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

	Nine months ended 31 December		Three months ended 31 December	
	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)
Rental expense to Pansino Homeware (Shenzhen) Co., Ltd.* ("Pansino Shenzhen")	971	668	381	222
Goods purchased from Pansino Shenzhen	–	185	–	57

\* For identification purpose only

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

	Nine months ended 31 December		Three months ended 31 December	
	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)
Short-term benefits	912	784	361	261

- (c) Personal guarantees were given by the Mr. She, Ms. Chan Lai Yin, Ms. Sze Sau Taap ("Ms. Sze") and Mr. Sai Wing Hong against the banking facilities granted to the Group as at 31 March 2017. No such guarantees exist as at 31 December 2017.
- (d) Legal charge over the property owned by Ms. Sze and Mr. Sai Wing Hong against the banking facilities granted to the Group as at 31 March 2017 was released in June 2017.
- (e) A trademark owned by Pansino Shenzhen was used by the Group free of charge for the nine months ended 31 December 2016 and 2017 until the trademark was disposed by Pansino Shenzhen in April 2017.

## **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 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.

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 nine months ended 31 December 2017, 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 nine months ended 31 December 2017 was approximately HK\$57.4 million, representing an increase of approximately 22.4% as compared that of approximately HK\$46.9 million for the nine months ended 31 December 2016. 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 nine months ended 31 December 2017.

### **Cost of Sales**

The Group's cost of sales increased by approximately 37.4% from approximately HK\$28.9 million for the nine months ended 31 December 2016 to approximately HK\$39.7 million for the nine months ended 31 December 2017. This was mainly attributable to the increase in sales volume procured by certain major customers and through third party e-commerce platform during the nine months ended 31 December 2017.

### **Gross Profit**

Gross profit remained stable at approximately HK\$17.7 million for the nine months ended 31 December 2017 as compared to approximately HK\$18.0 million for the nine months ended 31 December 2016. The gross profit margin dropped from approximately 38.4% for the nine months ended 31 December 2016 to approximately 30.8% for the nine months ended 31 December 2017 mainly because the Group has offered a relatively lower price to certain major customers for their increase in procurement volume during the nine months ended 31 December 2017.

### **Selling and Distribution Expenses**

During the nine months ended 31 December 2017, selling and distribution expenses increased to approximately HK\$5.4 million, representing an increase of approximately 25.6%, from approximately HK\$4.3 million for the nine months ended 31 December 2016. Such increase was in line with the growth of revenue during the nine months ended 31 December 2017.

### **Administrative Expenses**

The Group's administrative expenses increased by approximately 415.4% from approximately HK\$3.9 million for the nine months ended 31 December 2016 to approximately HK\$20.1 million for the nine months ended 31 December 2017. Such increase was mainly due to non-recurring listing expenses, 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 nine months ended 31 December 2017, the Group incurred listing expenses of approximately HK\$13.5 million, which was non-recurring in nature.

## **Income tax expense**

The Group's income tax expenses was approximately HK\$1.1 million for the nine months ended 31 December 2017, decreased by approximately 35.3% as compared to approximately HK\$1.7 million for the nine months ended 31 December 2016, 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\$8.1 million for the nine months ended 31 December 2017 after deducting the listing expenses of approximately HK\$13.5 million, while profit of approximately HK\$8.6 million for the nine months ended 31 December 2016 was recorded. Taking no account of the impact of the listing expenses, the Group recorded profit of approximately HK\$5.4 million, representing a year-on-year decrease of approximately 37.2%. 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.

## **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 31 December 2017 and the date of this announcement.

## **DIVIDENDS**

During the nine months ended 31 December 2017, 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 a dividend for the nine months ended 31 December 2017.

## **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 Mr. She 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, taking into account the circumstances of our Group as a whole.

Save for the deviation from the code provision of A.2.1 of the CG Code, the Company has adopted and complied with the code provisions of the CG Code as set out in Appendix 15 of the GEM Listing Rules, since Listing to 31 December 2017.

## **CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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 31 December 2017 and 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 nine months ended 31 December 2017.

## **INTERESTS OF COMPLIANCE ADVISER**

As at 31 December 2017 and 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 nine months ended 31 December 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 quarterly report including the unaudited condensed consolidated financial information of the Group for the nine months ended 31 December 2017.

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

Hong Kong, 2 February 2018

*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 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.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://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](http://www.bnc.cc).*