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SATU

SATU HOLDINGS LIMITED

舍圖控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8392)

REALLOCATION AND CHANGE IN USE OF PROCEEDS

References are made to the section headed “Future Plans and Use of Proceeds” of the prospectus of Satu Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 29 September 2017 (the “**Prospectus**”), the annual reports of the Company for the year ended 31 March 2018 and 31 March 2019 and the interim reports of the Company for the six months ended 30 September 2018 and 30 September 2019.

ORIGINAL USE OF PROCEEDS

The Company listed its shares on the GEM of the Stock Exchange on 16 October 2017 (the “**Listing**”). The net proceeds from the Listing, after deducting the listing expenses of approximately HK\$23.7 million, amounted to approximately HK\$31.3 million (the “**Net Proceeds**”), which is slightly lower than the originally estimated net proceeds of approximately HK\$32.0 million. The difference of approximately HK\$0.7 million has been adjusted in the same manner and in the same proportion to the use of proceeds as disclosed in the Prospectus. It was disclosed in the Prospectus that it was intended to apply the Net Proceeds in the following manner:

- (a) approximately 42.2% of the Net Proceeds (approximately HK\$13.2 million) will be used to broaden the existing customer base, increase market share in the existing target markets and expand into new markets (the “**Use of Proceeds Portion A**”);
- (b) approximately 15.0% of the Net Proceeds (approximately HK\$4.7 million) will be used to enhance design and development capabilities;
- (c) approximately 15.0% of the Net Proceeds (approximately HK\$4.7 million) will be used to enhance our quality assurance capabilities;

- (d) approximately 20.1% of the Net Proceeds (approximately HK\$6.3 million) will be used to enhance brand recognition and awareness and promote corporate reputation; and
- (e) approximately 7.7% of the Net Proceeds (approximately HK\$2.4 million) will be used for the Group's general working capital.

As at the date of this announcement, the Company has utilised approximately HK\$19.1 million of the Net Proceeds and an amount of approximately HK\$12.2 million remains unutilised for the intended purposes set out in the Prospectus.

In relation to the Use of Proceeds Portion A, the Company originally designated approximately HK\$3.6 million of the Net Proceeds for refurbishing the existing office and showroom in the PRC (the “**Net Proceeds for Refurbishment**”) and HK\$9.6 million of the Net Proceeds for establishing one liaison office in each of Europe and the US, acquiring office equipment to operate the liaison offices and recruiting and retaining certain staff (the “**Net Proceeds for Liaison Offices**”). While the Net Proceeds for Refurbishment was fully utilised, the Company had initially utilised the Net Proceeds for Liaison Offices of approximately HK\$2.3 million for the recruitment and retention of a project manager and administrative staff to handle the establishment of liaison offices in Europe and the US after Listing. However, due to the international trade tensions and other socio-economic and political instability and uncertainties in the US and Europe, the progress of the establishment of the Europe and the US liaison offices was halted. Consequently, the Net Proceeds for Liaison Offices in an amount of approximately HK\$7.3 million remains unutilised up to the date of this announcement. As at the date of this announcement, the project manager and the administrative staff are currently supporting our export business and are attempting to expand the customer base in the US and Europe with existing resources.

CHANGE IN USE OF PROCEEDS

After prudently and cautiously considering the recent global business environment and the prospective development of the Group, the board (the “**Board**”) of directors (the “**Directors**”) has reviewed and resolved to adjust the use of the remaining unutilised Net Proceeds for Liaison Offices to the enhancement of the Company's brands recognition and awareness by means of various promotion and advertising projects, instead of the establishment of one liaison office in each of Europe and the US.

Following such re-allocation and taking into account the utilisation status of the Net Proceeds as at the date of this announcement, the revised use of the unutilised Net Proceeds (the “**Unutilised Net Proceeds**”) will be as follows:

Business objectives as stated in the Prospectus	Net Proceeds <i>HK\$ million</i>	Utilised amount of Net Proceeds up to the date of this announcement <i>HK\$ million</i>	Unutilised Net Proceeds up to the date of this announcement <i>HK\$ million</i>	Revised allocation of the Unutilised Net Proceeds <i>HK\$ million</i>
Broaden the existing customer base, increase market share in the existing target markets and expand into new markets	13.2	5.9	7.3	—
Enhance design and development capabilities	4.7	1.2	3.5	3.5
Enhance our quality assurance capabilities	4.7	4.6	0.1	0.1
Enhance brand recognition and awareness and promote corporate reputation	6.3	5.0	1.3	8.6
General working capital	2.4	2.4	—	—
Total	31.3	19.1	12.2	12.2

REASONS FOR THE CHANGE IN USE OF PROCEEDS

Based on the best estimation of future economic conditions made by the Group at the time of preparing the Prospectus, the Group determined to broaden our customer base in the US and Europe by establishing one liaison office in each of Europe and the US, to recruit and retain certain staff and to acquire office equipment to operate the liaison offices. In view of the Sino-US trade friction, the uncertain economic outcome of Brexit casting a heavy shadow over the global economy and the recent outbreak of the epidemic, the Board has reviewed the Group’s business strategy and adjusted the use of the unutilised Net Proceeds for Liaison Offices. The Board considered that developing the Company’s brand name and its products thereunder is one of the major key factors in improving the Group’s sales performance, therefore, the unutilised Net Proceeds for Liaison Offices will be reallocated to enhance the Company’s brand recognition and awareness.

The Directors are of the view that the revised allocation in the use of the Unutilised Net Proceeds would not materially affect the business of the Group as a whole and will allow the Company to deploy its financial resources more effectively and to enhance the business development of the Group. Based on the above, the Directors consider that the change in use of the Net Proceeds is in the best interests of the Company and its shareholders as a whole.

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

Hong Kong, 19 March 2020

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 GEM of The Stock Exchange of Hong Kong Limited 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.