SATU HOLDINGS LIMITED
舍圖控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8392)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

CHARACTERISTICS OF GEM OF 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*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.*

The board of Directors (the "**Board**") of the Company is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively as the "**Group**") for the year ended 31 March 2018 (the "**Year**"), together with the comparative figures for the year ended 31 March 2017 (the "**Previous Year**"). The information should be read in conjunction with the prospectus of the Company dated 29 September 2017 (the "**Prospectus**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Revenue	*4*	**67,934**	65,224
Cost of sales	*5*	**(43,969)**	(39,492)
Gross profit		**23,965**	25,732
Other income and net gains	*4*	**1,245**	429
Selling and distribution expenses		**(6,697)**	(6,053)
Administrative and other operating expenses		**(21,958)**	(7,381)
(Loss)/profit from operations		**(3,445)**	12,727
Finance costs	*6*	**(74)**	(28)
(Loss)/profit before tax		**(3,519)**	12,699
Income tax expense	*7*	**(1,415)**	(2,363)
(Loss)/profit for the year	*8*	**(4,934)**	10,336
Attributable to:			
Owners of the Company		**(4,934)**	10,347
Non-controlling interests ("**NCI**")		**–**	(11)
		(4,934)	10,336
(Loss)/earnings per share			
Basic and diluted	*12*	**(HK0.57 cents)**	HK1.38 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	2018	2017
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(4,934)**	10,336
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**28**	(19)
Other comprehensive income for the year, net of tax	**28**	(19)
Total comprehensive income for the year	**(4,906)**	10,317
Attributable to:		
Owners of the Company	**(4,906)**	10,321
NCI	**–**	(4)
	(4,906)	10,317

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**1,074**	729
Deferred tax assets		**101**	81
Deposits paid for property, plant and equipment		**959**	–
		2,134	810
Current assets			
Inventories		**807**	1,342
Trade receivables	*13*	**12,559**	14,543
Prepayments, deposits and other receivables		**3,971**	1,909
Amount due from a related company		**–**	1,730
Current tax assets		**422**	–
Bank and cash balances		**41,626**	9,170
		59,385	28,694
Current liabilities			
Trade payables	*14*	**1,496**	2,871
Other payables and accruals	*14*	**1,320**	544
Deposits receipt in advance	*14*	**152**	240
Amount due to a shareholder		**–**	1,143
Bank borrowings		**–**	427
Finance lease payables	*15*	**159**	–
Current tax liabilities		**3**	888
		3,130	6,113
Net current assets		**56,255**	22,581
Non-current liabilities			
Finance lease payables	*15*	**491**	–
NET ASSETS		**57,898**	23,391
Capital and reserves			
Share capital	*16*	**10,000**	20
Reserves		**47,898**	23,371
TOTAL EQUITY		**57,898**	23,391

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Attributable to owners of the Company								
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Merger reserve** *HK$'000*	**Other reserve** *HK$'000*	**Foreign currency translation reserve** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*	**NCI** *HK$'000*	**Total equity** *HK$'000*
At 1 April 2016	20	–	–	5	(20)	13,348	13,353	(279)	13,074
Profit and total comprehensive income for the year	–	–	–	–	(26)	10,347	10,321	(4)	10,317
Acquisition of NCI	–	–	–	3	8	(294)	(283)	283	–
At 31 March 2017 and 1 April 2017	**20**	**–**	**–**	**8**	**(38)**	**23,401**	**23,391**	**–**	**23,391**
Loss and total comprehensive income for the year	**–**	**–**	**–**	**–**	**28**	**(4,934)**	**(4,906)**	**–**	**(4,906)**
Group reorganisation	**360**	**–**	**(360)**	**–**	**–**	**–**	**–**	**–**	**–**
Shares issued pursuant to the capitalisation issue	**7,120**	**(7,120)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Shares issued under the Share Offer	**2,500**	**43,913**	**–**	**–**	**–**	**–**	**46,413**	**–**	**46,413**
Dividend paid *(note 10)*	**–**	**–**	**–**	**–**	**–**	**(7,000)**	**(7,000)**	**–**	**(7,000)**
At 31 March 2018	**10,000**	**36,793**	**(360)**	**8**	**(10)**	**11,467**	**57,898**	**–**	**57,898**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. GENERAL INFORMATION

Satu Holdings Limited (the "**Company**") was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Unit 2504, 25/F, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company, the Company and its subsidiaries (collectively as the "**Group**") now comprising the Group are principally engaged in design, development and production management of homeware products.

On 16 October 2017 (the "**Listing Date**"), the Company's shares were listed (the "**Listing**") on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and issued a total of 250,000,000 Shares of the Company by way of public offer and placing at a price of HK$0.22 each upon Listing (the "**Share Offer**").

In the opinion of the directors of the Company, Hearthfire Limited ("**Hearthfire**"), a company incorporated in the British Virgin Islands ("**BVI**"), is the immediate and ultimate parent, and Mr. She Leung Choi ("**Mr. Bruce She**") is the ultimate controlling party of the Company.

2. GROUP REORGANISATION AND BASIS OF PREPARATION

Group Reorganisation

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 "**Group Reorganisation**"), the Company became the holding company of its subsidiaries now comprising the Group. The consolidated financial statements of the Group have been prepared as if the Group had always been in existence throughout the reporting period, 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 Group Reorganisation.

Basis of preparation

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 April 2017. None of these impact on the accounting policies of the Group. However, the Amendments to HKAS 7 Statement of Cash Flows: Disclosure Initiative require disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 April 2017. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
HKFRS 16 Leases	1 January 2019
HK(IFRIC) 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
HK(IFRIC) 23 Uncertainty Over Income Tax Treatments	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. While the assessment has been substantially completed for HKFRS 9, HKFRS 15 and HKFRS 16, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ending 30 September 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

4. REVENUE AND SEGMENT INFORMATION

Revenue and other income and net gains recognised during the year are as follows:

	2018 *HK$'000*	2017 *HK$'000*
Revenue		
Sales of homeware products	**67,934**	65,224
Other income and net gains		
Interest income	**85**	1
Packaging income	**422**	209
Sample and design income	**403**	139
Gain on disposals of property, plant and equipment	**47**	–
Others	**288**	80
	1,245	429

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 on the basis of internal management reports prepared 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:

	2018 *HK$'000*	2017 *HK$'000*
United Kingdom	**24,512**	20,843
Denmark	**14,023**	16,958
France	**7,110**	3,002
Poland	**3,267**	2,835
Italy	**1,709**	2,260
Germany	**1,287**	5,310
Australia	**947**	4,301
Netherlands	**798**	184
Others	**14,281**	9,531
	67,934	65,224

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

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**950**	403
PRC	**124**	326
	1,074	729

Information about major customers

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

	2018	2017
	HK$'000	*HK$'000*
Customer A	**11,716**	15,817
Customer B	**17,015**	9,970
Customer C	**14,096**	10,973

5. COST OF SALES

	2018	2017
	HK$'000	*HK$'000*
Consumable materials	**2,896**	1,512
Cost of homeware products	**37,738**	35,237
Goods handling charges	**1,927**	1,394
Packing expenses	**1,016**	1,077
Others	**392**	272
	43,969	39,492

6. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on bank overdrafts	**1**	2
Interest on bank borrowings	**2**	26
Interest on discounted bills	**33**	–
Finance lease charges	**38**	–
	74	28

7. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as following:

	2018	2017
	HK$'000	*HK$'000*
Current tax		
— Hong Kong Profits Tax		
Provision for the year	**1,380**	2,334
Under-provision in prior year	**50**	–
	1,430	2,334
— PRC Enterprise Income Tax		
Over-provision in current year	**2**	–
Under-provision in prior year	**3**	–
	5	–
Deferred tax	**(20)**	29
	1,415	2,363

The Company was incorporated in the Cayman Islands and B & C Industries (BVI) Limited ("**B&C BVI**") 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.

Hong Kong Profits Tax has been provided at a rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year ended 31 March 2018.

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 provision for PRC Enterprise Income Tax has been made in the consolidated financial statements for the year ended 31 March 2018 since the Group has no estimated assessable profit for the year (2017: Nil).

The reconciliation between the income tax expense and the product of (loss)/profit before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2018	2017
	HK$'000	*HK$'000*
(Loss)/profit before tax	**(3,519)**	12,699
Tax at the Hong Kong Profits Tax rate of 16.5% (2017: 16.5%)	**(581)**	2,095
Tax effect of income that is not taxable	**(42)**	–[i]
Tax effect of expenses that are not deductible	**2,375**	280
Tax effect of temporary differences not previously recognised	**(51)**	–
Under provision in current year	**(401)**	–
Under provision in prior year	**53**	–
Tax losses not recognised	**90**	17
Tax concession	**(30)**	(23)
Effect of different tax rates of subsidiaries	**2**	(6)
Income tax expense	**1,415**	2,363

[i] Represent the amount less than HK$1,000.

At the end of the reporting period, the Group has estimated unused tax loss for subsidiaries incorporated in Hong Kong of approximately HK$525,000 (2017: Nil) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit. The tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group has estimated unused tax losses for subsidiaries incorporated in the PRC of approximately HK$840,000 (2017: HK$820,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams.

As at 31 March 2018, the Group's tax losses for subsidiaries incorporated in the PRC will expire in the following years:

	2018	2017
	HK$'000	*HK$'000*
In 2023	**20**	–
In 2022	**63**	63
In 2021	**349**	349
In 2020	**408**	408
	840	820

8. (LOSS)/PROFIT FOR THE YEAR

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

	2018	2017
	HK$'000	*HK$'000*
Auditor's remuneration	**705**	92
Cost of homeware products	**37,738**	35,237
Depreciation	**541**	318
Foreign exchange loss, net	**82**	243
Listing expenses	**13,470**	1,650
(Gain)/loss on disposal of property, plant and equipment	**(47)**	16
Operating lease charges in respect of:		
— Office premises	**1,959**	1,498

9. EMPLOYEE BENEFITS EXPENSES

The Group's employee benefits expenses (excluding Director's emoluments) recognised are as follows:

	2018	2017
	HK$'000	*HK$'000*
Salaries, bonuses and allowances	**4,357**	3,361
Retirement benefit scheme contributions	**386**	269
	4,743	3,630

10. DIVIDENDS

During the year ended 31 March 2018, a subsidiary of the Company declared a dividend of HK$7.0 million to its then shareholders, and the dividend was paid in October 2017 prior to the Listing. No dividends were paid, declared or proposed during the year ended 31 March 2017.

11. RETIREMENT BENEFIT SCHEME

The Group operates a mandatory provident fund scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK$1,500 (before 1 June 2014: HK$1,250) per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. Each subsidiary is required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of this subsidiary. The only obligation of the subsidiary with respect to the central pension scheme is to meet the required contributions under the scheme.

12. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share attributable to owners of the Company is based on the following data:

	2018	2017
	HK$'000	*HK$'000*
Earnings		
(Loss)/profit attributable to owners of the Company	**(4,934)**	10,347
Number of shares		
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculation basis (loss)/earning per share	**864,384**	750,000

The weighted average number of shares in issue during the year ended 31 March 2018 is based on the assumption that 750,000,000 shares of the Company were in issue, comprising 3 shares in issue, 37,999,997 shares issued pursuant to the Group Reorganisation and 712,000,000 shares issued pursuant to the capitalisation issue, as if these shares were outstanding throughout the period from 1 April 2017 to the Listing Date, and 250,000,000 shares issued under the Share Offer.

The weighted average number of shares in issue during the year ended 31 March 2017 is based on the assumption that 750,000,000 shares of the Company were in issue, comprising 3 shares in issue, 37,999,997 shares issued pursuant to the Group Reorganisation and 712,000,000 shares issued pursuant to the capitalisation issue, and as if these shares were outstanding throughout that year.

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary share in issue during the years ended 31 March 2017 and 2018.

13. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**12,559**	14,543

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:

	2018	2017
	HK$'000	*HK$'000*
0 to 30 days	**3,083**	10,373
31 to 60 days	**409**	1,383
61 to 120 days	**8,772**	2,682
Over 120 days	**295**	105
	12,559	14,543

As of 31 March 2018, trade receivables of approximately HK$1,658,000 (2017: HK$921,000) were past due but not impaired. These relate to a number of independent customers of whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2018	2017
	HK$'000	*HK$'000*
0 to 30 days	**1,623**	700
Over 30 days	**35**	221
	1,658	921

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

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**1,496**	2,871
Other payables and accruals		
Accrued staff costs	**470**	125
Accrued administrative and operating expenses	**850**	363
Others	**–**	56
	1,320	544
Deposits receipt in advance	**152**	240
	2,968	3,655

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

	2018	2017
	HK$'000	*HK$'000*
0 to 90 days	**1,496**	2,786
91 to 180 days	**–**	35
Over 180 days	**–**	50
	1,496	2,871

The credit period ranges from 0 to 30 days.

15. FINANCE LEASE PAYABLES

	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**184**	–	**159**	–
In the second to fifth years, inclusive	**521**	–	**491**	–
	705	–	**650**	–
Less: Future finance charges	**(55)**	–	**N/A**	–
Present value of lease obligations	**650**	–	**650**	–
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(159)**	–
Amount due for settlement after 12 months			**491**	–

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average lease term is 5 years. At 31 March 2018, the average effective borrowing rate was 5.44% (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 prices.

16. SHARE CAPITAL

	Notes	**Number of shares**	**Amount** *HK$'000*
Authorised:			
Ordinary shares of HK$0.01 each			
Upon incorporation on 27 March 2017, 31 March 2017 and 1 April 2017	*(a)*	38,000,000	380
Increase in authorised share capital	*(c)*	9,962,000,000	99,620
As at 31 March 2018		10,000,000,000	100,000
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
Upon incorporation on 27 March 2017, 31 March 2017 and 1 April 2017	*(a)*	3	–
Shares issued upon Group Reorganisation	*(b)*	37,999,997	380
Shares issued pursuant to the capitalisation issue	*(d)*	712,000,000	7,120
Shares issued under the Share Offer	*(e)*	250,000,000	2,500
As at 31 March 2018		1,000,000,000	10,000

Notes:

(a) The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 27 March 2017 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. Upon its incorporation, one nil paid share was allotted and issued to Sharon Pierson, an independent third party, as the initial subscriber and such nil paid share was subsequently transferred to Hearthfire on the same day. In addition, on 27 March 2017, the Company also allotted and issued to each of Top Clay Limited ("**Top Clay**") and Present Moment Limited ("**Present Moment**") one nil paid share.

(b) B&C BVI (as purchaser), the shareholders of the companies now comprising the Group (as vendors) and the Company entered into a share swap agreement on 21 September 2017, pursuant to which the vendors transferred their entire respective shareholding interests in the companies now comprising the Group. In consideration thereof, B&C BVI procured the Company to allot and issue 30,969,999 and 2,659,999 and 4,369,999 shares to Hearthfire, Top Clay and Present Moment respectively, credited as fully paid and the crediting as fully paid at par the one each nil paid share registered in the name of Hearthfire, Top Clay and Present Moment.

(c) Pursuant to the written resolutions of the shareholders of the Company (the "**Shareholders**") passed on 22 September 2017, the authorised share capital of the Company increased from HK$380,000 to HK$100,000,000 by creation of an additional of 9,962,000,000 shares of HK$0.01 each.

(d) Pursuant to the written resolutions passed by the Shareholders on 22 September 2017, conditional on share premium account of the Company being credited as a result of the Share Offer, the directors were authorised to capitalise an amount of HK$7,120,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 712,000,000 shares for allotment and issue to the then existing Shareholders in proportion to their respective shareholdings.

(e) On the Listing Date, the Company issued 250,000,000 new shares at HK$0.22 each in relation to the Share Offer. The premium on the issue of shares, amounting to approximately HK$43,913,000, net of listing-related expenses, was credited to the Company's share premium account. These new shares rank pari passu with the existing shares in all respects.

Share capital as presented in the consolidated statement of financial position as at 31 March 2017 represented the issued and paid up capital of the companies comprising the Group prior to the completion of the Group Reorganisation.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital using a gearing ratio, which is the Group's total debts (comprising bank borrowings, amount due to a shareholder and finance lease payables) over its total equity. The Group's policy is to keep the gearing ratio at a reasonable level. The Group's gearing ratios as at 31 March 2018 was 1.1% (2017: 6.7%). The decrease in the gearing ratio of the Group is primarily from the decrease in the balance of bank borrowings and amount due to a shareholder.

The only externally imposed capital requirement for the Group is in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained sufficient public float as required by the GEM Listing Rules. As at 31 March 2018, 25% of the shares were in public hands.

17. LEASE COMMITMENTS

At 31 March 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018	2017
	HK$'000	*HK$'000*
Within one year	**2,131**	1,310
In the second to fifth years inclusive	**1,979**	1,063
	4,110	2,373

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated for an average term of 3 years (2017: 4 years) and rentals are fixed over the lease terms and do not include contingent rentals.

18. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2018	2017
	HK$'000	*HK$'000*
Rental expense to Pansino Homeware (Shenzhen) Co., Ltd* ("**Pansino Shenzhen**") *(Note 1)*	**1,352**	936
Goods purchased from Pansino Shenzhen	**–**	126

Note:

(1) Mr. Bruce She is interested in this transaction to the extent that he is the beneficial owner of Pansino Shenzhen.

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

	2018	2017
	HK$'000	*HK$'000*
Short-term benefits	**1,685**	1,046

(c) As at 31 March 2017, personal guarantees were given by the Mr. Bruce She, Ms. Chan Lai Yin and Mr. Sai Wing Hong against the banking facilities granted to the Group, which were discharged during the year ended 31 March 2018.

(d) As at 31 March 2017, legal charge over the property owned by Ms. Sze Sau Taap and Mr. Sai Wing Hong against the banking facilities granted to the Group, which were released in June 2017.

* *For identification purpose only*

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 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 (the "**Shares**") 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 Year, 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 fairs. Together with our strong design and product development capabilities, our Group is optimistic to capture the opportunity in Europe's quality homeware market.

We expect that the coming years should continue to be challenging for the keen competition in our homeware sector in the European market, in view of the intense price competition for our products. To cope with the new market situation, the Group seizes the opportunity to work closer with our main customers by enhancing our quality and design services, and diversifying our product range. On the other side, we are establishing an America marketing team to explore more business opportunity in North/South American market and strengthening our e-commerce team to enlarge the market share in the fast-growing online distribution channel in the European and American markets.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Year was approximately HK$67.9 million, representing an increase of approximately 4.1% as compared that of approximately HK$65.2 million for the Previous Year. 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 Year.

Cost of Sales

The Group's cost of sales increased by approximately 11.4% from approximately HK$39.5 million for the Previous Year to approximately HK$44.0 million for the Year. This was mainly attributable to the increase in sales volume procured by certain major customers and through third party e-commerce platform during the Year.

Gross Profit

Gross profit decreased by approximately 6.6% to approximately HK$24.0 million for the Year as compared to approximately HK$25.7 million for the Previous Year. The gross profit margin dropped from approximately 39.5% for the Previous Year to approximately 35.3% for the Year because the Group has offered a relatively lower price to certain major customers for their increase in procurement volume during the Year.

Selling and Distribution Expenses

During the Year, selling and distribution expenses increased to approximately HK$6.7 million, representing an increase of approximately 9.8%, from approximately HK$6.1 million for the Previous Year. Such increase was in line with the growth of revenue during the Year.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses increased by approximately 197.3% from approximately HK$7.4 million for the Previous Year to approximately HK$22.0 million for the Year. Such increase was mainly due to the increase in salaries, allowances and other benefits as a result of the Group's expansion on management team, the increase in one-off listing expenses, and the increase in recurring incidental expenses for Listing, such as provision for audit fee, and other legal and professional fee.

During the Year, 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 expense was approximately HK$1.4 million, decreased by approximately 41.7% as compared to approximately HK$2.4 million for the Previous Year, which was mainly due to the decrease in profit before tax.

Loss/(Profit) for the Year

The Group recorded loss of approximately HK$4.9 million for the Year, while profit of approximately HK$10.3 million for the Previous Year was recorded, after deducting the one-off listing expenses of approximately HK$13.5 million and HK$1.7 million respectively. Taking no account of the impact of the one-off listing expenses, the Group recorded profit of approximately HK$8.6 million for the Year, representing a year-on-year decrease of approximately 28.3%. The decrease was mainly attributable to the increase in selling and distribution expenses and administrative and other operating expenses, in particular the staff costs and the recurring incidental expenses for Listing.

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 31 March 2018, the Group had bank and cash balances of approximately HK$41.6 million (31 March 2017: HK$9.2 million). As at 31 March 2018, the Group's indebtedness comprised finance lease payables of approximately HK$0.7 million, while the Group's indebtedness comprised bank borrowings of approximately HK$0.4 million and amount due to a shareholder 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 year. As at 31 March 2018, the gearing ratio was 1.1%, which remained stable as compared to that of 6.7% as at 31 March 2017.

As at 31 March 2018, the Group's total assets amounted to approximately HK$61.5 million (31 March 2017: HK$29.5 million) and net assets amounted to approximately HK$57.9 million (31 March 2017: HK$23.4 million).

As at 31 March 2018, current ratio and quick ratio of the Group increased to 19.0 and 18.7 respectively, as compared to that of 4.7 and 4.5 as at 31 March 2017 respectively. This was mainly attributable to the net proceeds of approximately HK$31.3 million from Listing raised which increased the current assets as at 31 March 2018.

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 Limited ("**Hearthfire**") and further two nil paid Shares were allotted and issued to Top Clay Limited ("**Top Clay**") and Present Moment Limited ("**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 (the "**Share Offer**").

As at 31 March 2018 and the date of this announcement, the issued share capital of the Company was HK$10,000,000 divided into 1,000,000,000 Shares of HK$0.01 each.

USE OF PROCEEDS FROM THE SHARE OFFER

The net proceeds from the Share Offer, after deducting the listing expenses of approximately HK$23.7 million, amounted to approximately HK$31.3 million, which is slightly lower than the 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 section headed "Future Plans and Use of Proceeds" in the Prospectus.

An analysis of the amount utilised of net proceeds up to 31 March 2018 is set out below:

	Estimated use of proceeds *HK$ million*	**Adjusted use of proceeds** *HK$ million*	**Utilised up to 31 March 2018** *HK$ million*
Broaden the existing customer base, increase market share in the existing target markets and expand into new markets	13.5	13.2	1.0
Enhance design and development capabilities	4.8	4.7	–(i)
Enhance our quality assurance capabilities	4.8	4.7	–(i)
Enhance brand recognition and awareness and promote corporate reputation	6.4	6.3	1.3
General working capital	2.5	2.4	0.7
Total	32.0	31.3	3.0

(i) represented less than HK$100,000

From the Listing Date to 31 March 2018, the net proceeds from the Listing were utilised in accordance with the proposed applications set out in the Prospectus under the section headed "Future Plans and Use of Proceeds". As at 31 March 2018, the Group had already acquired a motor vehicle for sales and marketing purpose, participated in Ambiente Fair Frankfurt, and commenced to refurbish the existing office and showroom in the PRC. However, the Group is still seeking for suitable trainings course for designers and quality control to enhance their understanding of the latest fashion trend and industry know-how and product quality requirement and regulations respectively, therefore the respective amounts of net proceeds has not been utilised. As at the date of this announcement, the Directors do not anticipate any change to the plan as to the use of proceeds and the balance of the fund would be utilised accordingly.

The remaining unused net proceeds as at 31 March 2018 were placed as bank balances with licensed bank in Hong Kong and will be applied in the manner consistent with the proposed allocations.

HUMAN RESOURCES

As at 31 March 2018, the Group had a total of 30 full-time employees (including three executive Directors), and the total employee benefit expenses and Directors' emoluments paid to the executive Directors for the Year amounted to approximately HK$5.8 million (Previous Year: HK$4.7 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, British Pound and United States Dollars ("**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 31 March 2018 was secured against a motor vehicle with carrying amounts of approximately HK$0.7 million.

OPERATING LEASE COMMITMENTS

As at 31 March 2018, the Group had commitments for future minimum lease payments of approximately HK$4.1 million under the non-cancellable leases (31 March 2017: HK$2.4 million).

CAPITAL COMMITMENT

As at 31 March 2018 and 31 March 2017, the Group did not have any capital commitment.

CONTINGENT LIABILITIES

As at 31 March 2018 and 31 March 2017, the Group did not have any contingent liabilities.

MATERIAL ACQUISITIONS OR DISPOSAL

Upon completion of the reorganisation of the Company (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group. Details of the Reorganisation are set out in the paragraph headed "Reorganisation" in the section headed "History, Development and Reorganisation" of the Prospectus. Save as aforesaid, during the Year, the Group had no material acquisitions and disposals of subsidiaries, associates or joint ventures.

DIVIDENDS

During the Year, 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 dividend for the Year.

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 Leung Choi 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.

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 from the Listing Date to 31 March 2018.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors from the Listing Date to 31 March 2018.

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 year.

As set out in the Prospectus, the Company has adopted, among others, the following measures to manage the conflict of interests arising from competing business and to safeguard the interests of the shareholders: (i) the Company will disclose decisions on matters reviewed by the independent non-executive directors ("**INEDs**") relating to compliance and enforcement of the deed of non-competition dated 22 September 2017 entered into by the controlling shareholders in favour of the Company competing interests ("**Non-competition Undertaking**") in the annual report; and (ii) the controlling shareholders will make an annual declaration on compliance with their Non-competition Undertaking in the annual report.

The Board would like to clarify that there were no conflicts of interests between the controlling shareholders and the Group arising from competing business for the Year. As such, the controlling shareholders confirmed that they have complied with their undertaking under the Non-competition Undertaking.

The INEDs have reviewed and confirmed that the controlling shareholders have complied with the non-competition undertaking under the Non-competition Undertaking.

INTERESTS OF COMPLIANCE ADVISER

As at 31 March 2018, 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 Year.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C.3.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules pursuant to a resolution of the Directors passed on 22 September 2017. The primary duties of the audit committee are, among other things, to make recommendations to the Board on the appointment, reappointment and removal of external auditors, review the financial statements and provide material advice in respect of financial reporting, oversee the financial reporting process, internal control, risk management systems and audit process, and perform other duties and responsibilities assigned by the Board.

The audit committee comprises Mr. Ho Kim Ching, Mr. Chan Ching Sum Sam and Ms. Fan Pui Shan, all being INEDs. The chairman of the audit committee is Mr. Ho Kim Ching, who holds the appropriate professional qualification as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 March 2018 and this announcement and is of the view that such statements and announcement have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and that adequate disclosure has been made.

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

Hong Kong, 8 June 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 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.