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 2019

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 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, the "**Group**") for the year ended 31 March 2019 (the "**Year**"), together with the comparative figures for the year ended 31 March 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2019

	Note	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*4*	**58,900**	67,934
Cost of sales	*5*	**(41,362)**	(43,969)
Gross profit		**17,538**	23,965
Other income and net gains	*4*	**2,623**	1,245
Selling and distribution expenses		**(11,650)**	(6,697)
Administrative and other operating expenses		**(15,082)**	(21,958)
Loss from operations		**(6,571)**	(3,445)
Finance costs	*6*	**(25)**	(74)
Loss before tax		**(6,596)**	(3,519)
Income tax expense	*7*	**(428)**	(1,415)
Loss for the year attributable to owners of the Company	*8*	**(7,024)**	(4,934)
Loss per share			
Basic and diluted	*12*	**(HK0.70 cents)**	(HK0.57 cents)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	2019	2018
	HK$'000	*HK$'000*
Loss for the year	**(7,024)**	(4,934)
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(19)**	28
Other comprehensive income for the year, net of tax	**(19)**	28
Total comprehensive income for the year attributable to owners of the Company	**(7,043)**	(4,906)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**7,225**	1,074
Deferred tax assets		**88**	101
Deposits paid for property, plant and equipment		**–**	959
		7,313	2,134
Current assets			
Inventories		**1,842**	807
Trade receivables	*13*	**11,676**	12,559
Prepayments, deposits and other receivables		**1,386**	3,971
Current tax assets		**1,362**	422
Pledged bank deposit		**125**	–
Bank and cash balances		**31,332**	41,626
		47,723	59,385
Current liabilities			
Trade payables	*14*	**914**	1,496
Other payables and accruals	*14*	**2,386**	1,320
Deposits receipt in advance	*14*	**381**	152
Finance lease payables	*15*	**167**	159
Current tax liabilities		**9**	3
		3,857	3,130
Net current assets		**43,866**	56,255
Non-current liabilities			
Finance lease payables	*15*	**324**	491
NET ASSETS		**50,855**	57,898
Capital and reserves			
Share capital	*16*	**10,000**	10,000
Reserves		**40,855**	47,898
TOTAL EQUITY		**50,855**	57,898

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Share capital *HK$'000*	Other reserve *HK$'000*	Foreign currency translation reserve *HK$'000*	Share premium *HK$'000*	Merger reserve *HK$'000*	Retained earnings *HK$'000*	Total equity *HK$'000*
At 1 April 2017	20	8	(38)	–	–	23,401	23,391
Loss and total comprehensive income for the year	–	–	28	–	–	(4,934)	(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
Dividend paid *(note 10)*	–	–	–	–	–	(7,000)	(7,000)
At 31 March 2018 and 1 April 2018	**10,000**	**8**	**(10)**	**36,793**	**(360)**	**11,467**	**57,898**
Loss and total comprehensive income for the year	**–**	**–**	**(19)**	**–**	**–**	**(7,024)**	**(7,043)**
At 31 March 2019	**10,000**	**8**	**(29)**	**36,793**	**(360)**	**4,443**	**50,855**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. GENERAL INFORMATION

Satu Holdings Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 27 March 2017 and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 October 2017. The address of the registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong 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 the "**Group**") now comprising the Group are principally engaged in trading, designing of homeware products and E-commerce business.

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

2. 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). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 to the consolidated financial statements provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior years reflected in these consolidated financial statements.

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 HKFRSs and amendments to HKFRSs that are first effective for annual periods beginning on or after 1 April 2018. Of these, the following developments are relevant to the Group's financial statements:

(i) HKFRS 9 Financial Instruments

(ii) HKFRS 15 Revenue from Contracts with Customers

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 9 Financial instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

The adoption of HKFRS 9 resulted in the following changes to the Group's accounting policies.

(a) Classification

From 1 April 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income ("**FVTOCI**") or at fair value through profit or loss ("**FVTPL**"); and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

(b) Measurement

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

At initial recognition, the Group measures financial assets at its fair value plus, in the case of financial assets not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment losses are presented as separate line item in the statement of profit or loss.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(c) Impairment

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

No significant financial impact of the adoption of HKFRS 9 on the Group's opening retained earnings as at 1 April 2018.

Impairment on other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

Set out below is the impact of the adoption of HKFRS 9 on the Group.

The following table and the accompanying note below explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018.

Financial assets	**Classification under HKAS 39**	**Classification under HKFRS 9**	**Carrying amount under HKAS 39** *HK$'000*	**Carrying amount under HKFRS 9** *HK$'000*
Trade and other receivables *(note)*	Loans and receivables	Amortised cost	15,356	15,356

Note:

Trade and other receivables that were classified as loans and receivables under HKAS 39 are now classified at amortised cost. No allowance for impairment of the trade receivables was recognised in opening accumulated losses at 1 April 2018 on transition to HKFRS 9.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

The adoption of HKFRS 15 resulted in the following changes to the Group's accounting policies on revenue recognition.

Under HKFRS 15, revenue from the sale of goods through e-commerce platforms is recognised when the Group sells and has delivered a product to the customer and the Group received sales and acceptance confirmations, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Payment of the transaction price is due immediately when the customer purchases the goods. Accordingly, the Group's online sale is recognised when the product is received by customer. For other sales of homeware products, revenue is recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The adoption of HKFRS 15 does not have significant financial impacts on the consolidated financial statements.

(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 1 April 2018. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16 Leases	1 April 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	1 April 2019
Annual Improvements to HKFRSs 2015–2017 Cycle	1 April 2019
Amendments to HKAS 28 Long-term Interest in Associates and Joint Ventures	1 April 2019
Amendments to HKFRS 3 Definition of a Business	1 April 2020
Amendments to HKAS 1 and HKAS 8 Definition of Material	1 April 2020

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 HKFRS 16 which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for 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 first quarter report for the three months ended 30 June 2019. 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:

	2019	2018
	HK$'000	*HK$'000*
Revenue		
Sales of homeware products	**58,900**	67,934
Other income and net gains		
Interest income	**352**	85
Packaging income	**197**	422
Sample and design income	**133**	403
Gain on disposals of property, plant and equipment	**–**	47
Exchange gain	**1,494**	–
Others	**447**	288
	2,623	1,245

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:

	2019	2018
	HK$'000	*HK$'000*
United Kingdom	**22,220**	24,512
Denmark	**11,203**	14,023
France	**4,450**	7,110
Australia	**2,536**	947
Poland	**1,621**	3,267
Italy	**1,596**	1,709
Germany	**1,067**	1,287
Netherlands	**487**	798
Others	**13,720**	14,281
	58,900	67,934

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

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**591**	950
PRC	**6,250**	124
Others	**384**	–
	7,225	1,074

Information about major customers

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

	2019	2018
	HK$'000	*HK$'000*
Customer A	**9,716**	11,716
Customer B	**11,123**	17,015
Customer C	**7,966**	14,096
Customer D	**6,376**	N/A[1]

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. COST OF SALES

	2019	2018
	HK$'000	*HK$'000*
Allowance for slow-moving inventories	**273**	–
Consumable materials	**169**	2,896
Cost of homeware products	**37,470**	37,738
Goods handling charges	**2,216**	1,927
Packing expenses	**917**	1,016
Others	**317**	392
	41,362	43,969

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on bank overdrafts	**–**	1
Interest on bank borrowings	**–**	2
Interest on discounted bills	**–**	33
Finance lease charges	**25**	38
	25	74

7. INCOME TAX EXPENSE

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

	2019	2018
	HK$'000	*HK$'000*
Current tax		
— Hong Kong Profits Tax		
Provision for the year	**9**	1,380
Under-provision in prior year	**406**	50
	415	1,430
— PRC Enterprise Income Tax		
Over-provision in current year	**–**	2
Under-provision in prior year	**–**	3
	–	5
Deferred tax	**13**	(20)
	428	1,415

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 was carried on 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% (2018: 16.5%) on the estimated assessable profit for the year ended 31 March 2019.

On 21 March 2018, the Inland Revenue (Amendment) (No. 7) Bill 2017, which introduces a two-tiered profits tax regime, was substantively enacted. Under the two-tiered profits tax regime, the first HK$2 million of assessable profits of qualifying corporations will be taxed at 8.25% with effect from the year assessment 2018/2019. Profits above HK$2 million will continue to be subject to the tax rate of 16.5%.

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 2019 since the Group has either sufficient tax losses brought forward to set off against current year's assessable profit or no estimated assessable profit for the year.

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

	2019	2018
	HK$'000	*HK$'000*
Loss before tax	**(6,596)**	(3,519)
Tax at the Hong Kong Profits Tax rate of 16.5% (2018: 16.5%)	**(1,088)**	(581)
Tax effect of income that is not taxable	**(51)**	(42)
Tax effect of expenses that are not deductible	**419**	2,375
Tax effect of temporary differences not previously recognised	**5**	(51)
Under provision in current year	**–**	(401)
Under provision in prior year	**406**	53
Tax effect of utilisation of tax losses not previously recognised	**(6)**	–
Tax losses not recognised	**767**	90
Tax concession	**(27)**	(30)
Effect of different tax rates of subsidiaries	**3**	2
Income tax expense	**428**	1,415

At the end of the reporting period, the Group has estimated unused tax loss for subsidiaries incorporated in Hong Kong of approximately HK$5,171,000 (2018: HK$525,000) 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. 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$778,000 (2018: HK$840,000) 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 2019, the Group's tax losses for subsidiaries incorporated in the PRC will expire in the following years:

	2019	2018
	HK$'000	*HK$'000*
In 2023	–	20
In 2022	20	63
In 2021	134	349
In 2020	624	408
	778	840

8. LOSS FOR THE YEAR

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

	2019	2018
	HK$'000	*HK$'000*
Auditor's remuneration	710	705
Cost of homeware products	37,470	37,738
Depreciation	2,433	541
Foreign exchange (gain)/loss, net	(1,494)	82
Listing expenses	–	13,470
Gain on disposal of property, plant and equipment	–	(47)
Operating lease charges in respect of:		
— Office premises	2,532	1,959
— Warehouse	67	–

9. EMPLOYEE BENEFITS EXPENSES

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

	2019	2018
	HK$'000	*HK$'000*
Salaries, bonuses and allowances	7,090	4,357
Retirement benefit scheme contributions	388	386
	7,478	4,743

10. DIVIDENDS

No dividends were paid, declared or proposed during the year ended 31 March 2019. 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.

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 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 PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Loss attributable to owners of the Company	**7,024**	4,934
Number of shares		
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculation of basic loss per share	**1,000,000**	864,384

The diluted loss per share is equal to the basic loss per share as there were no dilutive potential ordinary share in issue during the years ended 31 March 2019 and 2018.

13. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**11,676**	12,559

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:

	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**3,077**	3,083
31 to 60 days	**468**	409
61 to 120 days	**8,131**	8,772
Over 120 days	**–**	295
	11,676	12,559

The Group does not hold any collateral as security or other credit enhancements over these balances.

As of 31 March 2019, trade receivables of approximately HK$1,314,000 (2018: HK$1,658,000) 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:

	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**1,314**	1,623
Over 30 days	**–**	35
	1,314	1,658

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

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**914**	1,496
Other payables and accruals		
Accrued staff costs	**615**	470
Accrued administrative and operating expenses	**1,762**	850
Others	**9**	–
	2,386	1,320
Deposits receipt in advance	**381**	152
	3,681	2,968

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

	2019	2018
	HK$'000	*HK$'000*
0 to 90 days	**898**	1,496
91 to 180 days	**3**	–
Over 180 days	**13**	–
	914	1,496

The credit period ranges from 0 to 30 days.

15. FINANCE LEASE PAYABLES

	Minimum lease payments		Present value of minimum lease payments	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**184**	184	**167**	159
In the second to fifth years, inclusive	**337**	521	**324**	491
	521	705	**491**	650
Less: Future finance charges	**(30)**	(55)	**N/A**	N/A
Present value of lease obligations	**491**	650	**491**	650
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(167)**	(159)
Amount due for settlement after 12 months			**324**	491

It is the Group's policy to lease certain of its motor vehicles under finance leases. The lease term is 5 years. At 31 March 2019, the effective borrowing rate was 5.44% (2018: 5.44%). Interest rate is fixed at the contract date and thus expose the Group to fair value interest rate risk. Lease is 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 a nominal price.

All finance lease payables are denominated in HKD.

16. SHARE CAPITAL

	Note	**Number of shares**	**Amount** *HK$'000*
Authorised:			
Ordinary shares of HK$0.01 each			
At 1 April 2017		38,000,000	380
Increase in authorised share capital	*(a)*	9,962,000,000	99,620
At 31 March 2018, 1 April 2018 and 31 March 2019		10,000,000,000	100,000
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
At 1 April 2017		3	–
Shares issued upon Group Reorganisation		37,999,997	380
Shares issued pursuant to the capitalisation issue	*(b)*	712,000,000	7,120
Shares issued under the share offer	*(c)*	250,000,000	2,500
At 31 March 2018, 1 April 2018 and 31 March 2019		1,000,000,000	10,000

Note:

(a) 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.

(b) 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.

(c) On 16 October 2017, 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.

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 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 2019 was 1.0% (2018: 1.1%). The decrease in the gearing ratio of the Group is primarily from the decrease in the balance of finance lease payables.

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 2019, 25% of the shares were in public hands.

17. LEASE COMMITMENTS

At 31 March 2019, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**2,128**	2,131
In the second to fifth years inclusive	**149**	1,979
	2,277	4,110

Operating lease payments represent rentals payable by the Group for its office premises. Leases are negotiated for an average term of 3 years (2018: 3 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:

	2019	2018
	HK$'000	*HK$'000*
Rental expense to Pansino Homeware (Shenzhen) Co., Ltd* (泛華家居用品(深圳)有限公司) ("**Pansino Shenzhen**") *(Note)*	**1,672**	1,352

Note:

Mr. 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:

	2019	2018
	HK$'000	*HK$'000*
Short-term benefits	**2,710**	1,685

* For identification purpose only

BUSINESS REVIEW AND OUTLOOK

For the Year, homeware export (mainly in Europe) continued to be the Group's core source of revenue. The Group also continued to engage in e-commerce sector with around 11.4% (2018: 6.9%) of the total revenue.

At the beginning of the Year, we established an American Marketing Team to explore the U.S. market. However, as the Sino-US trade tension is mounting and the global economic atmosphere continues to deteriorate, the implementation schedule of our plan to expand into the U.S. market was affected. After reviewing our expansion plan, we decided to restructure our marketing team by combining our export team and our American team. This action enables us to better utilize our manpower and concentrate our resources for formulating marketing strategies.

During the Year, both the unresolved Sino-US trade dispute and the continuing lack of a solution to the Brexit in the UK slowed down the global economy and dampened the confidence of consumers. In response to the current economic uncertainty, we took some actions to solidify our leading position in the global homeware market:

(i) Trade shows: In order to broaden customer base, we participated in renowned trade shows, namely, ASD Market Week in Las Vegas, Maison and Objet in Paris and the Ambiente Fair in Frankfurt this Year.

(ii) Refurbishing our showroom: Our marketing team actively invited existing and potential customers to our showroom and presented them with our new designs endeavouring to seek partnership opportunities and at the same time, obtaining valuable frontline information for formulating sales policies and production plans.

(iii) Quality Control Laboratory: The commencement of our quality control laboratory brought us a strong research and development platform which further assures our product quality and develops new techniques of production.

(iv) Launch of own online platforms: During the Year we launched our own online platforms to broaden our sales channels. Our e-commerce team also focuses on diversifying our product range.

Although the global economy appears to be challenging and consumer confidence has dropped to a low level, our experienced and stable management team will stay alert of the changing business environment that may impact our operations. At the same time, we will adjust and execute our business plans on a consistent and operative basis. We will endeavor to allocate our resources in an efficient and effective manner and in the best interest of the Group and our Stakeholders as a whole.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Year was approximately HK$58.9 million, representing a decrease of approximately 13.3% as compared to that of approximately HK$67.9 million in 2018. Such decrease in revenue was primarily due to the decrease in sales orders from three major customers during the Year.

Cost of Sales

The Group's cost of sales decreased by approximately 5.9% from approximately HK$44.0 million in 2018 to approximately HK$41.4 million for the Year, which was in line with the decrease in revenue.

Gross Profit

Gross profit decreased by approximately 27.1% to approximately HK$17.5 million for the Year as compared to that of approximately HK$24.0 million in 2018. The gross profit margin dropped from approximately 35.3% in 2018 to approximately 29.8% for the Year because the Group has offered a relatively lower price to certain major customers for their large procurement volume due to keen competition during the Year.

Selling and Distribution Expenses

During the Year, selling and distribution expenses increased to approximately HK$11.7 million, representing an increase of approximately 74.6%, from approximately HK$6.7 million in 2018. It is mainly attributable to 1) the rise in the headcount and the salary increment of the marketing team; 2) the increase in the expenditure of promotion and exhibition and advertising to broaden the customer base of the Company; and 3) the increase in the freight and transportation charges for e-commerce sales during the Year.

Administrative and Other Operating Expenses

Excluding the listing expenses of approximately HK$13.5 million, which was non-recurring in nature in 2018, the Group's administrative and other operating expenses increased by approximately 77.6% from approximately HK$8.5 million in 2018 to approximately HK$15.1 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, administration expenses for e-commerce business and the legal and professional fee such as fees for compliance adviser and legal adviser.

Income Tax Expense

The Group's income tax expense was approximately HK$0.4 million, decreased by approximately 71.4% as compared to approximately HK$1.4 million in 2018. The income tax expense for the Year was mainly the underprovision of the income tax expenses in prior year.

Loss for the Year Attributable to Owners of the Company

The Group recorded loss for the Year attributable to owners of the Company of approximately HK$7.0 million, while profit of approximately HK$8.6 million in 2018 was recorded, after deducting the one-off listing expenses of approximately HK$13.5 million. The turnaround from profit to loss was mainly attributable to the decrease of gross profit as a result of the intense competition in the market and the increase in the Group's expenses, in particular the staff costs and recurring corporate expenses after Listing.

LIQUIDITY AND FINANCIAL RESOURCES

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 2019, the Group had bank and cash balances of approximately HK$31.3 million (2018: HK$41.6 million). As at 31 March 2019, the Group's indebtedness comprised finance lease payables of approximately HK$0.5 million (2018: HK$0.7 million).

Gearing ratio is calculated as total debts divided by total equity as at the respective year. As at 31 March 2019, the gearing ratio was approximately 1.0%, which remained stable as compared to that of 1.1% as at 31 March 2018.

As at 31 March 2019, the Group's total assets amounted to approximately HK$55.0 million (2018: HK$61.5 million) and net assets amounted to approximately HK$50.9 million (2018: HK$57.9 million). As at 31 March 2019, current ratio and quick ratio of the Group decreased to approximately 12.4 and 11.9 respectively, as compared to that of approximately 19.0 and 18.7 as at 31 March 2018 respectively.

CAPITAL STRUCTURE

The Shares were successfully listed on GEM on 16 October 2017. There has been no change in the capital structure of the Company since then. The equity of the Company only comprises ordinary shares.

As at 31 March 2019 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 Company listed its Shares on the GEM of the Stock Exchange on 16 October 2017 (the "**Listing Date**") 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 net proceeds from the Listing, 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 2019 is set out below:

	Estimated use of proceeds *HK$ million*	**Adjusted use of proceeds** *HK$ million*	**Utilised up to 31 March 2018** *HK$ million*	**Utilised during the Year** *HK$ million*	**Unutilised as at 31 March 2019** *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	4.9	7.3
Enhance design and development capabilities	4.8	4.7	–(i)	0.7	4.0
Enhance our quality assurance capabilities	4.8	4.7	–(i)	4.1	0.6
Enhance brand recognition and awareness and promote corporate reputation	6.4	6.3	1.3	2.9	2.1
General working capital	2.5	2.4	0.7	1.1	0.6
Total	32.0	31.3	3.0	13.7	14.6

(i) represented less than HK$100,000

From the Listing Date to 31 March 2019, 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 2019, the Group had 1) completed the renovation of our showroom in the PRC; 2) participated in three exhibitions namely ASD Market Week in Las Vegas, Maison and Objet in Paris and Ambiente Fair in Frankfurt; 3) built up our laboratory with new equipment; and 4) provided external training courses for designers and quality control staff to enhance their understanding of the latest fashion trend and industry knowhow and product quality requirement and regulations respectively. Affected by the Sino-U.S. trade war and the uncertainties in the global macroeconomy, our business plan for the establishment of one liaison office in each of Europe and U.S. was deferred. Our management will closely monitor the impact on our plan arising from the Sino-U.S. trade war and may consider taking appropriate changes, if necessary. 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 2019 were placed as bank balances with licensed bank in Hong Kong and will be applied in the manner consistent with the proposed allocations.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group had a total of 34 full-time employees (including three executive Directors) (2018: 30 employees), and the total employee benefit expenses and Directors' emoluments paid to the executive Directors for the Year amounted to approximately HK$9.3 million (2018: HK$5.8 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 remuneration committee 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 ("**HKD**"), 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.

TREASURY POLICIES

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

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 2019 was secured against a motor vehicle with carrying amount of approximately HK$0.5 million (2018: HK$0.7 million).

OPERATING LEASE COMMITMENTS

As at 31 March 2019, the Group had commitments for future minimum lease payments of approximately HK$2.3 million under the non-cancellable leases (2018: HK$4.1 million).

CAPITAL COMMITMENT

As at 31 March 2019 and 2018, the Group did not have any capital commitment.

CONTINGENT LIABILITIES

As at 31 March 2019 and 2018, the Group did not have any contingent liabilities.

MATERIAL ACQUISITIONS OR DISPOSAL

During the year ended 31 March 2019, the Group did not have any material acquisitions nor disposals of subsidiaries and affiliated companies.

DIVIDENDS

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 final dividend for the Year (2018: Nil).

During the year ended 31 March 2018, 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.

CORPORATE GOVERNANCE PRACTICES

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.

Save for the deviation from the code provision of A.2.1 of the CG Code, the Company has adopted and complied with all the applicable code provisions set out in the CG Code during the Year.

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 during the Year.

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.

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 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 in terms of competing interests ("**Non-competition Undertaking**") in this announcement; and (ii) the controlling shareholders will make an annual declaration on compliance with their Non-competition Undertaking in this announcement.

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.

CHANGE OF COMPLIANCE ADVISER

As disclosed in the Company's announcement dated 27 May 2019, Sunfund Capital Limited ("**Sunfund**") and the Company have mutually agreed to terminate the compliance adviser agreement with effect from 27 May 2019 due to recent changes in the personnel of Sunfund.

Titan has been appointed as the new compliance adviser to the Company as required under Rule 6A.27 of the GEM Listing Rules with effect from 1 June 2019. For further details, please refer to the announcement of the Company dated 31 May 2019.

INTEREST OF COMPLIANCE ADVISER

As at 31 March 2019, as notified by the then 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.

As notified by Titan Financial Services Limited ("**Titan**"), the Company's compliance adviser, save for the compliance adviser agreement entered into between the Company and Titan dated 31 May 2019 in connection with the Listing, none of Titan or its directors, employees or associates (as defined in the GEM Listing Rules) had any interest in the Group from 1 June 2019 (effective date of the compliance adviser agreement) up to the date of this announcement, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTION

On 15 September 2015, B&C Industries HK, an indirect wholly-owned subsidiary of the Company, as the tenant, entered into a tenancy agreement (the "**2015 Tenancy Agreement**") with Pansino Homeware (Shenzhen) co., Ltd*（泛華家居用品(深圳)有限公司）("**Pansino Shenzhen**"), as the landlord, for the lease of the property situated at Units 01 to 07, 23/F, Oriental Plaza, Luohu, Shenzhen, the PRC with a gross floor area of 701 square metres (the "**Premises**") for a rent of approximately HK$90,000 per month (inclusive of applicable land use fee, property tax arising from the lease of the Premises, management fee, utilities fees, sanitation fee and central air-conditioning fee) for a term of 2 years, commencing from 1 October 2015 and expired on 30 September 2017. Pansino Shenzhen is a company indirectly wholly owned by Mr. She Leung Choi, a Controlling Shareholder and executive Director of the Company.

On 28 December 2016, B&C Industries HK entered into a supplemental tenancy agreement (the "**2016 Supplemental Tenancy Agreement**") with Pansino Shenzhen, pursuant to which, the term for the lease of the Premises under the 2015 Tenancy Agreement was extended to 31 December 2017.

On 16 June 2017, B&C Industries HK, as the tenant, entered into a tenancy agreement (the "**2017 Tenancy Agreement**") with Pansino Shenzhen, as the landlord, for the lease of the property situated at Units 01 to 11, 23/F, Oriental Plaza, Luohu, Shenzhen, the PRC with a gross floor area of 1,060 square metres (the "**Expanded Premises**") for a rent of approximately HK$0.1 million per month (inclusive of applicable land use fee, property tax arising from the lease of the Expanded Premises, management fee, utilities fees, sanitation fee and central air-conditioning fee) for a term of 32 months, commencing from 1 August 2017 and expiring on 31 March 2020. Pursuant to the 2017 Tenancy Agreement, when the term of the 2017 Tenancy Agreement commenced, the 2015 Tenancy Agreement as amended by the 2016 Supplemental Tenancy Agreement have been terminated.

The Expanded Premises was used as our showroom and office in the PRC.

* *For identification purpose only*

Details of the abovementioned transactions are set out in the section headed "Connected Transaction" in the Prospectus and are disclosed as related party transactions under item (a) in respect of rental expenses to a related company of note 18 to the consolidated financial statements. The transactions under the 2017 Tenancy Agreement constitute de minimis continuing connected transactions of the Company under Rule 20.74(1)(c) of the GEM Listing Rules. Accordingly, the 2017 Tenancy Agreement and the transactions thereunder are exempted from the reporting, announcement, annual review, circular and the independent shareholders' approval requirements under Chapter 20 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 and up to the date of this announcement.

SUBSEQUENT EVENTS

Save as disclosed in the section headed "Change of Compliance Adviser", there was no important event affecting the Group that has occurred since the end of 31 March 2019 and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and paragraph C.3.3 and C.3.7 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. 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 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, 14 June 2019

As at the date of this announcement, the executive Directors are Mr. She Leung Choi, Ms. Chan Lai Yin and 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 Listed Company Information" 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.