

SATU HOLDINGS LTD:**STAND BY:****THE HORRORS MAY JUST BE AROUND THE NEXT CORNER !**

Satu Holdings Ltd () (Code: 8392, The **G**rowth **E**nterprise **M**arket [the **GEM**], The Stock Exchange of Hongkong Ltd) has no appreciable debts, but indications are that its most-important, single customer has materially cut back on orders from the Company – by at least 49 percent.

The question could, now, be raised, therefore: Has the warning siren been sounded?

The Initial Public Offering (IPO) Of Satu Holdings Ltd

Satu Holdings Ltd published and disseminated its Share Offer Prospectus on September 29, 2017.

The Company Offered a total of 250 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low 20 cents to a high of 24 cents.

On October 13, 2017, Management announced that the Offer Price Per Share had been struck at 22 cents and that it was anticipated that the Company would net about \$HK32 million for its efforts.

The Share Offer Prospectus stated that investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) were Offered 25 million Shares (the Public Offer tranche) and the remaining 225 million Shares would be Placed with well-heeled investors (the Placing Share tranche).

The Allotment Results Announcement of October 13, 2017, stated that the Public Offer tranche had been 83.28 times over-subscribed and that the Placing Share tranche had been 1.67 times over-subscribed.

Pages Seven and Eight of this Announcement explained the present intention of Management in respect of the utilisations of the \$HK32 million:

- Approximately, \$HK13.50 million, that is about 42.20 percent of the net proceeds, *‘for broadening the existing customer base, increasing the Group’s market share in the existing target markets and expanding into new markets, among which approximately HK\$3.6 million for refurbishing the existing office and showroom in the PRC and approximately HK\$9.8 million for establishing one liaison office in each of Europe and the US’*;
- Approximately, \$HK6.40 million, that is about 20.00 percent of the net proceeds, *‘for enhancing brand recognition and awareness and promoting the Group’s corporate reputation, among which approximately HK\$2.8 million for marketing including advertising on different media as well as participating in trade shows and marketing events, approximately HK\$2.2 million for setting up the Group’s own e-commerce platform and approximately HK\$1.1 million for enhancing capacities of the Group’s sales and marketing team’*;
- Approximately, \$HK4.80 million, that is about 15.00 percent of the net proceeds, *‘for enhancing design and development capabilities, among which approximately HK\$2.6 million for upgrading the Group’s existing design software and purchasing new design software as well as acquiring advance design hardware, approximately HK\$1.4 million for expanding the Group’s design and development team and approximately HK\$0.8 million for providing trainings as well as sponsorship to the Group’s designers’*;
- Approximately, \$HK4.80 million, that is about 15.00 percent of the net proceeds, *‘for enhancing the Group’s quality assurance capabilities, among which approximately HK\$3.6 million for establishing a quality control laboratory. The total expected capital expenditure for setting up the quality control laboratory is approximately HK\$3.0 million (excluding rental payment of approximately HK\$0.6 million). The establishment of quality control laboratory also involves laboratory set-up costs and purchasing equipment for the purpose of carrying out quality control testings (sic), including their metal elements, colour tones, durability and stability. Approximately HK\$0.8 million for expanding the Group’s quality assurance team and approximately HK\$0.4 million for providing trainings to the quality control staff’*; and,
- Approximately, \$HK2.50 million, that is about 7.80 percent of the net proceeds, *‘will be used to provide funding for the Group’s working capital and other general corporate purposes’*.

The Business Of Satu Holdings Ltd

Satu Holdings Ltd is in the business of designing, development and the production of homeware products.

The Company ... [CLICK TO ORDER FULL ARTICLE](#)

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