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SATU

SATU HOLDINGS LIMITED

舍圖控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8392)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

The board (the “**Board**”) of directors (the “**Directors**”) of Satu Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2019. This announcement, containing the full text of the interim report of the Group for the six months ended 30 September 2019 (the “**2019 Interim Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of the Stock Exchange in relation to the information to accompany the preliminary announcement of the unaudited interim results. Printed version of the 2019 Interim Report will be delivered to the shareholders of the Company and available for viewing on the websites of GEM at www.hkgem.com and of the Company at www.bnc.cc in due course.

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

Hong Kong, 8 November 2019

As at the date of this announcement, the executive Directors are Mr. She Leung Choi, Ms. Chan Lai Yin, Mr. She Leung Ngai Alex; and the independent non-executive Directors are Mr. Ho Kim Ching, Mr. Chan Ching Sum Sam and Ms. Fan Pui Shan. This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained

in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading. This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com 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.

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*This report, 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 report 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 report misleading.*

CONTENTS

CORPORATE INFORMATION	3
MANAGEMENT DISCUSSION AND ANALYSIS	5
CORPORATE GOVERNANCE	14
OTHER INFORMATION	15
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	19
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	20
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	21
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	22
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	23
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION	25

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. She Leung Choi

(Chairman and

Chief Executive Officer)

Ms. Chan Lai Yin

Mr. She Leung Ngai Alex

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Kim Ching

Mr. Chan Ching Sum Sam

Ms. Fan Pui Shan

AUDIT COMMITTEE

Mr. Ho Kim Ching *(Chairman)*

Mr. Chan Ching Sum Sam

Ms. Fan Pui Shan

REMUNERATION COMMITTEE

Mr. Chan Ching Sum Sam *(Chairman)*

Mr. She Leung Choi

Mr. Ho Kim Ching

NOMINATION COMMITTEE

Mr. Chan Ching Sum Sam *(Chairman)*

Mr. She Leung Choi

Mr. Ho Kim Ching

RISK MANAGEMENT COMMITTEE

Ms. Chan Lai Yin *(Chairlady)*

Mr. She Leung Ngai Alex

Ms. Fan Pui Shan

COMPANY SECRETARY

Ms. Wong Nga Yan

AUTHORIZED REPRESENTATIVES

Mr. She Leung Choi

Ms. Wong Nga Yan

COMPLIANCE OFFICER

Mr. She Leung Choi

COMPLIANCE ADVISER

Titan Financial Services Limited

REGISTERED OFFICE

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Grand Cayman

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Cayman Islands

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Hong Kong

PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

Units 01 to 11, 23/F

Oriental Plaza

Luohu, Shenzhen

PRC

LEGAL ADVISER

As to Hong Kong Law

Guantao & Chow Solicitors and Notaries

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Hong Kong

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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(Cayman) Limited
Cricket Square
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Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

COMPANY'S WEBSITE

www.bnc.cc

STOCK CODE

8392

MANAGEMENT DISCUSSION AND ANALYSIS

The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2019 (the “**Period**”), together with the comparative figures for the corresponding period in 2018 (the “**Previous Period**”).

BUSINESS REVIEW

The Group is principally engaged in the provision of homeware export business (mainly in Europe), with approximately 5% of the total revenue in e-commerce sector in the Period. Our homeware customer portfolio is comprised of international brand owners and licensees, chain supermarkets and renowned department stores, with Europe being our major shipment destination.

During the Period, the global homeware market was clouded with the dampening consumer sentiment under the intensifying Sino-US trade frictions as well as the Brexit uncertainties. Due to the intense market competition, the business of the Group is running steadily but competitively with a thinner profit margin. When compared with the Previous Period, the revenue of the Group slightly increased to approximately HK\$28.1 million in the Period even though it was the off-season period in our industry, but the gross profit margin dropped from approximately 30.5% of the Previous Period to approximately 27.3% of the Period. The Group recorded a loss after taxation of approximately HK\$3.5 million in the Period. The most crucial factor in the increase of loss after taxation for the Period is the depreciation of the renovation of our showroom in the PRC, new equipment of the laboratory and websites of e-commerce business, which were incurred from October 2018 to February 2019. The Group recorded approximately HK\$1.4 million loss before taxation for the Period, which is the same as the Previous Period after excluding the depreciation stated above.

PROSPECT

For the second half of the year ending 31 March 2020, the Group will continue to strive to further strengthen and consolidate its leading position in the homeware market by widening our product range and continuing to participate in Ambiente Fair in Frankfurt, in which, we will launch our newly designed and developed products and will actively invite our potential and existing customers to visit our booth there. We will also invest on our brand promotion programs and will strive to bring out a consistent brand identity that reflects our core brand value and develop our brand image. The management believes that investing on brand image can bring a sustainable growth.

MANAGEMENT DISCUSSION AND ANALYSIS

In order to elevate the Group's profitability, we are committed to the enhancement of our operational efficiency and further strengthening our cost control measures. We will strive to improve our financial performance in order to cope with the adverse business environment. Our management is well-prepared to drive our business development with prudent approach. Our Group will continuously seize every opportunity to broaden our customer base, extend the range of our products and maximize the value for our shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue for the Period was approximately HK\$28.1 million, representing an increase of approximately 2.2% as compared to that of approximately HK\$27.5 million for the Previous Period. Such increase in revenue was primarily due to the increase in sales orders from a major customer during the Period.

Cost of Sales

The Group's cost of sales increased by approximately 6.8% from approximately HK\$19.1 million for the Previous Period to approximately HK\$20.4 million for the Period, which was in line with the increase in revenue for the Period.

Gross Profit

Gross profit dropped by approximately 8.3% to approximately HK\$7.7 million for the Period from approximately HK\$8.4 million for the Previous Period. The gross profit margin dropped from approximately 30.5% for the Previous Period to approximately 27.3% for the Period. It was mainly attributable to the decrease in sales orders from customers with higher profit margin during the Period.

Selling and Distribution Expenses

During the Period, selling and distribution expenses dropped to approximately HK\$3.7 million, representing a decrease of approximately 24.5%, from approximately HK\$4.9 million for the Previous Period. Such decrease was mainly attributable to 1) the decrease in staff cost because of the one-off bonus for the staff in the Previous Period; and 2) the decrease in freight and transportation charges, commission paid, advertising costs and promotion and exhibition expenses due to the Group's cost-cutting efforts during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses increased by approximately 42.9% from approximately HK\$5.6 million for the Previous Period to approximately HK\$8.0 million for the Period. Such increase was mainly due to the increase in depreciation of property, plant and equipment.

Income Tax Expense

The Group's income tax expenses was approximately HK\$2,000, significantly decreased by approximately 96.5% as compared to that of approximately HK\$57,000 for the Previous Period, which was mainly due to the increase in costs and expenses causing the loss before tax.

Loss for the Period

The Group recorded a loss of approximately HK\$3.5 million for the Period, whilst a loss of approximately HK\$1.4 million in the Previous Period. The increase in loss was mainly attributable to the increase in the depreciation of the renovation of our showroom in the PRC, new equipment of the laboratory and websites of e-commerce business, which were incurred from October 2018 to February 2019. Excluding the abovementioned depreciation of property, plant and equipment of approximately HK\$2.1 million, the loss before taxation for the Period was approximately HK\$1.4 million, which remained unchanged from the Previous Period.

LIQUIDITY, FINANCIAL RESOURCES AND INDEBTEDNESS

The Group's treasury 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.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2019, the Group had pledged bank deposits and bank and cash balances in aggregate of approximately HK\$31.1 million (31 March 2019: HK\$31.5 million). As at 30 September 2019, the Group's indebtedness comprised finance lease payables of approximately HK\$0.4 million (31 March 2019: HK\$0.5 million).

Gearing ratio is calculated as total debts divided by total equity as at the respective period. As at 30 September 2019, the gearing ratio was approximately 0.9%, which remained stable as compared to that of approximately 1.0% as at 31 March 2019.

As at 30 September 2019, the Group's total assets amounted to approximately HK\$51.9 million (31 March 2019: HK\$55.0 million) and net assets amounted to approximately HK\$47.3 million (31 March 2019: HK\$50.9 million).

As at 30 September 2019, current ratio and quick ratio of the Group decreased to 11.0 and 10.6 respectively, as compared to that of 12.4 and 11.9 as at 31 March 2019 respectively. This was mainly attributable to the decrease in bank and cash balances as a result of utilisation of net proceeds of approximately HK\$1.8 million during the Period.

SEGMENTAL INFORMATION

Segmental information is presented for the Group in note 4 of the unaudited condensed consolidated interim financial information.

USE OF NET PROCEEDS FROM LISTING AND COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The Company listed its shares of HK\$0.01 each (the "**Shares**") on the GEM of the Stock Exchange (the "**Listing**") 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 of the Company dated 29 September 2017 (the "**Prospectus**").

MANAGEMENT DISCUSSION AND ANALYSIS

From the Listing Date to 30 September 2019, the net proceeds from the Listing were utilised for the intended purposes as set out in the Prospectus under the section headed “Future Plans and Use of Proceeds”.

An analysis of the amount utilised of net proceeds up to 30 September 2019 is set out below:

Business objective as stated in the Prospectus	Estimated use of proceeds HK\$ million	Adjusted use of proceeds HK\$ million	Unutilised up to 31 March 2019 HK\$ million	Utilised during the Period HK\$ million	Unutilised as at 30 September 2019 HK\$ million	Expected timeline for utilising the remaining proceeds ⁽ⁱ⁾	Actual business progress up to 30 September 2019
Broaden the existing customer base, increase market share in the existing target markets and expand into new markets	13.5	13.2	7.3	—	7.3	On or before 30 June 2020	(a)
Enhance design and development capabilities	4.8	4.7	4.0	0.4	3.6	On or before 30 June 2020	(b)
Enhance our quality assurance capabilities	4.8	4.7	0.6	0.5	0.1	On or before December 2019	(c)
Enhance brand recognition and awareness and promote corporate reputation	6.4	6.3	2.1	0.3	1.8	On or before 30 June 2020	(d)
General working capital	2.5	2.4	0.6	0.6	—	N/A	
Total	32.0	31.3	14.6	1.8	12.8		

- (i) *The expected timeline for utilising the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on current and future development of market conditions.*

MANAGEMENT DISCUSSION AND ANALYSIS

- (a) In accordance with the implementation activities as set out in the Prospectus under the section headed “Future Plans and Use of Proceeds”, the proceeds as allocated for 1) the refurbishment of the existing office premises and showroom in the PRC; 2) acquisition of office equipment and preparation for display of products for the office premises and showroom in the PRC; and 3) recruitment of an administrative staff member for the operation of the office premises and showroom in the PRC, a project manager and an administrative staff member for the US liaison office (as our US liaison office has not yet been established, they are supporting our export business) have been fully utilised up to the Period. Due to the Sino-US trade frictions and the Brexit uncertainties, the Company has not yet utilised the proceeds on the establishment of one liaison office in each of Europe and U.S. as planned in the amount of approximately HK\$7.3 million. The management will closely monitor the impact of the Sino-US trade frictions and the Brexit uncertainties on our plan and may consider taking appropriate changes, if necessary.
- (b) The Company applied the proceeds in 1) conducting certain external training courses for designers and quality control staff; and 2) recruitment of two designers and two product engineers up to the Period. The Company has not yet utilised the proceeds in upgrading the existing design software and purchasing new design software as planned in the amount of approximately HK\$2.4 million. The Company is exploring the appropriate design software for our business.
- (c) The proceeds as allocated for 1) establishment of a quality control laboratory; 2) acquisition of product testing equipment; 3) conduction of trainings for quality control staff; and 4) recruitment of a quality control staff member have been fully utilised up to the Period. The Company recruited two quality control staff members as planned. The unutilised proceeds is for the salaries of one of the quality control staff.
- (d) Up to the Period, the Company applied the proceeds in 1) participating in exhibitions namely ASD Market Week in Las Vegas (August 2018), Maison and Objet in Paris (September 2018) and Ambiente Fair in Frankfurt (February 2019 and 2020); 2) advertising on different media; 3) setting up our own e-commerce system; 4) recruitment of additional three sales and marketing staff members and three staff members for the e-commerce platform; 5) maintenance of the corporate website; and 6) the acquisition of motor vehicle. The unutilised proceeds are mainly for participating in exhibitions. The Company reviewed and considered to allocate approximately HK\$182,000 initially from the unutilised proceeds to work with the strategic business and brand consultant to develop the products under the Company’s brand name. The project was commenced during the Period. The Company will also explore variant exhibitions and participate in those which can bring optimal benefits to the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

As at the date of this report, 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 30 September 2019 were placed as bank balances with licensed bank in Hong Kong and will be applied in the manner consistent with the proposed allocations set out in the Prospectus.

HUMAN RESOURCES

As at 30 September 2019, the Group had a total of 33 (As at 30 September 2018: 36) full-time employees, and the total employee benefit expenses for the Period amounted to approximately HK\$4.2 million (Previous Period: HK\$4.8 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 the Group's 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 ("GBP") 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 compliance with the provisions of Chapter 23 of the GEM Listing Rules. As at 30 September 2019 and up to the date of this report, no option had been granted or agreed to be granted under the Share Option Scheme.

PLEDGE OF ASSETS

The finance lease payables as at 30 September 2019 was secured against a motor vehicle with a carrying amount of approximately HK\$0.4 million (31 March 2019: HK\$0.5 million).

OPERATING LEASE COMMITMENTS

As at 30 September 2019, the Group had commitments for future minimum lease payments of approximately HK\$0.9 million (31 March 2019: HK\$2.3 million) under the non-cancellable leases.

CAPITAL COMMITMENTS

As at 30 September 2019, the Group did not have any capital commitments (31 March 2019: Nil).

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 30 September 2019 and the date of this report, the issued share capital of the Company was HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 30 September 2019, the Group did not have any material contingent liabilities (31 March 2019: Nil).

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no significant investment held as at 30 September 2019. There was no other plan for material investments or capital assets as at 30 September 2019.

DIVIDENDS

The Board takes into account, among other factors, the Group's overall results of operation, financial position and capital requirements in respect of the declaration of dividends. The Board does not recommend a payment of an interim dividend for the Period (Previous Period: Nil).

SIGNIFICANT EVENT AFTER THE PERIOD

There has been no significant event that affected the Group after 30 September 2019 and up to the date of this report.

CORPORATE GOVERNANCE

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 Leung Choi (“**Mr. She**”) currently performs these two roles. Our Board believes that vesting the roles of both chairman and chief executive in the same person 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 under the present arrangement will not be impaired and this structure enables our Company to make and implement management and corporate decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of our Board and chief executive of our Company when it is appropriate and suitable, taking into account the circumstances of our Group as a whole.

Save for the deviation from the code provision of A.2.1 of the CG Code, the Company has adopted and complied with all the applicable code provisions set out in the CG Code as contained in Appendix 15 of the GEM Listing Rules during the Period.

CHANGES IN DIRECTORS’ INFORMATION

In August 2019, Mr. Ho Kim Ching, the independent non-executive Director of the Company, ceased to be the vice president of Viva China Holdings Limited (stock code: 8032), shares of which are listed on the GEM of the Stock Exchange.

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 as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry with all Directors and all Directors have confirmed that they have complied with the required standard of dealings and the code of conduct regarding directors’ securities transactions adopted by the Company during the Period.

OTHER INFORMATION

INTEREST AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON IN SHARES AND UNDERLYING SHARES

As at 30 September 2019, so far as our Directors are aware, the persons (other than the Directors and chief executive of the Company) who will have or be deemed or taken to have interests and/or short positions in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”), or who were recorded in the register of the Company required to be kept pursuant to Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the Company’s issued share capital will be as follows:

Name of Shareholder	Capacity	Number of ordinary Shares held (Note 1)	Approximate percentage of shareholding
Hearthfire Limited (“Hearthfire”)	Beneficial owner	611,250,000 (L) (Note 2)	61.125%
Top Clay Limited (“Top Clay”)	Beneficial owner	52,500,000 (L) (Note 3)	5.25%
Ms. Sze Sau Taap (“Ms. Sze”)	Interest of controlled corporation	52,500,000 (L) (Note 3)	5.25%
Present Moment Limited (“Present Moment”)	Beneficial owner	86,250,000 (L) (Note 4)	8.625%

Notes:

1. The letter “L” denotes a long position in the shareholder’s interest in the Shares.
2. Hearthfire is wholly-owned by Mr. She, an executive Director, and by virtue of the SFO, Mr. She is deemed to be interested in all the Shares held by Hearthfire.
3. Top Clay is wholly-owned by Ms. Sze and by virtue of the SFO, Ms. Sze is deemed to be interested in all the Shares held by Top Clay.
4. Present Moment is wholly-owned by Ms. Chan Lai Yin (“Ms. Chan”), an executive Director, and by virtue of the SFO, Ms. Chan is deemed to be interested in all the Shares held by Present Moment.

OTHER INFORMATION

Save as disclosed above, as at 30 September 2019, so far as is known by or otherwise notified to the Directors, no other entity (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company under Section 336 of the SFO.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2019, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules will be as follows:

(i) Interest in the Company

Name of Director	Capacity	Number of ordinary Shares held (Note 1)	Approximate percentage of shareholding
Mr. She	Interest of controlled corporation	611,250,000 (L) (Note 2)	61.125%
Ms. Chan	Interest of controlled corporation	86,250,000 (L) (Note 3)	8.625%

Notes:

1. The letter "L" denotes a long position in the Director's interest in the Shares.
2. Hearthfire is wholly-owned by Mr. She, an executive Director, and by virtue of the SFO, Mr. She is deemed to be interested in all the Shares held by Hearthfire.
3. Present Moment is wholly-owned by Ms. Chan, an executive Director, and by virtue of the SFO, Ms. Chan is deemed to be interested in all the Shares held by Present Moment.

OTHER INFORMATION

(ii) Interest in associated corporations

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares in associated corporation held (L)	Approximate percentage of shareholding
Mr. She	Hearthfire	Beneficial owner	1 share of US\$1.00 each	100%

Note: The letter “L” denotes a long position in the Director’s interest in the shares of the associated corporation.

Save as disclosed above, as at 30 September 2019, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register referred to in Section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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 Period.

OTHER INFORMATION

INTERESTS OF COMPLIANCE ADVISER

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 compliance adviser, none of Titan or its directors, employees or associates (as defined in the GEM Listing Rules) had any interest in the Group as at 30 September 2019, 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 Period.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provisions C.3.3 and C.3.7 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee, comprising three independent non-executive Directors, namely Mr. Ho Kim Ching, Mr. Chan Ching Sum Sam and Ms. Fan Pui Shan, has reviewed the accounting standards and policies adopted by the Group and the interim report including the unaudited condensed consolidated interim financial information of the Group for the Period.

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

Hong Kong, 8 November 2019

As at the date of this report, 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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2019

		Six months ended 30 September	
	Notes	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	4	28,141	27,488
Cost of sales		(20,448)	(19,109)
Gross profit		7,693	8,379
Other income and net gains	4	551	771
Selling and distribution expenses		(3,709)	(4,895)
Administrative and other operating expenses		(8,015)	(5,621)
Loss from operations		(3,480)	(1,366)
Finance costs	5	(21)	(14)
Loss before tax		(3,501)	(1,380)
Income tax expense	6	(2)	(57)
Loss for the Period attributable to owners of the Company	7	(3,503)	(1,437)
Loss per share			
Basic and diluted	8	HK(0.35) cents	HK(0.14) cents

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

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Loss for the Period	(3,503)	(1,437)
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(26)	(25)
Other comprehensive income for the Period, net of tax	(26)	(25)
Total comprehensive income for the Period attributable to owner of the Company	(3,529)	(1,462)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	5,177	7,225
Deferred tax assets		88	88
		5,265	7,313
Current assets			
Inventories	11	1,897	1,842
Trade receivables	12	10,191	11,676
Prepayments, deposits and other receivables	13	1,602	1,386
Current tax assets		1,816	1,362
Pledged bank deposits		125	125
Bank and cash balances		30,985	31,332
		46,616	47,723
Current liabilities			
Trade payables	14	2,802	914
Other payables and accruals	14	1,026	2,386
Deposits receipt in advance	14	305	381
Finance lease payables	15	88	167
Current tax liabilities		9	9
		4,230	3,857
Net current assets		42,386	43,866
Total assets less current liabilities		47,651	51,179
Non-current liabilities			
Finance lease payables	15	325	324
NET ASSETS		47,326	50,855
Capital and reserves			
Share capital	16	10,000	10,000
Reserves		37,326	40,855
TOTAL EQUITY		47,326	50,855

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Attributable to the owners of the Company						
	Share capital	Other reserve	Foreign currency translation reserve	Share premium	Merger reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2018	10,000	8	(10)	36,793	(360)	11,467	57,898
Loss and total comprehensive income for the period	–	–	(25)	–	–	(1,437)	(1,462)
At 30 September 2018 (unaudited)	10,000	8	(35)	36,793	(360)	10,030	56,436
At 1 April 2019	10,000	8	(29)	36,793	(360)	4,443	50,855
Loss and total comprehensive income for the Period	–	–	(26)	–	–	(3,503)	(3,529)
At 30 September 2019 (unaudited)	10,000	8	(55)	36,793	(360)	940	47,326

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(3,501)	(1,380)
Adjustments for:		
Depreciation	2,228	287
Allowance for slow-moving inventories	(23)	–
Interest income	(259)	(194)
Finance costs	21	14
Gain on disposal of property, plant and equipment	(50)	–
Operating loss before working capital changes	(1,584)	(1,273)
(Increase)/decrease in trade receivables	1,485	(1,570)
Increase in inventories	(33)	(394)
Increase in prepayments, deposits and other receivables	(216)	(536)
Increase in trade payables	1,888	1,607
(Decrease)/increase in other payables and accruals	(1,360)	647
(Decrease)/increase in deposits receipt in advance	(75)	300
Cash generated from/(used in) operations	105	(1,219)
Hong Kong Profits Tax paid	(455)	(604)
Finance costs paid	(21)	(14)
Net cash used in operating activities	(371)	(1,837)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

		Six months ended 30 September	
	Note	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	10	(52)	(5,169)
Proceeds from disposal of property, plant and equipment		402	–
Increase in pledged bank deposits		–	(125)
Interest received		259	194
Net cash generated from/(used in) investing activities		609	(5,100)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of finance lease payables		(559)	(78)
Net cash used in financing activities		(559)	(78)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES			
		(26)	(25)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		(347)	(7,040)
CASH AND CASH EQUIVALENTS AT 1 APRIL			
		31,332	41,626
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER			
		30,985	34,586
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		30,985	34,586

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2019

1. GENERAL INFORMATION

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

The Company is an investment holding company. The principal activities of its principal subsidiaries are the trading, designing of houseware products and E-commerce business.

In the opinion of the Directors, as at 30 September 2019, Hearthfire Limited, a company incorporated in the British Virgin Islands (the “**BVI**”) is the immediate and ultimate parent, and Mr. She who wholly owns Hearthfire Limited and is a director of the Company, is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the Period has been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules, and with applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified public Accountants (“**HKICPA**”). HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards (“**HKAS**”) and Interpretations.

The unaudited condensed consolidated interim financial information have been prepared in accordance with the same accounting policies adopted in the audited financial statements for the year ended 31 March 2019, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements. Details of any changes in accounting policies are set out in note 3. The preparation of the unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that can affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated interim financial information contains selected explanatory notes which include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the consolidated financial statements for the year ended 31 March 2019. The unaudited condensed consolidated interim financial information and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the HKFRSs.

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2019, as described in those annual financial statements. In the Period, the Group has applied, for the first time, the following amendments issued by the HKICPA:

HKFRS 16	Leases
HK(IFRIC) 23	Uncertainty over Income Tax Treatments
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23
Amendments to HKAS 28	Long-term Interest in Associates and Joint Ventures

The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31 March 2019. The adoption of the new/amendments to HKFRSs that are relevant to the Group and effective from the Period had no significant effects on the results and financial position of the Group for the current and prior periods except for the application of HKFRS 16 “Leases” which is effective for the Group’s annual periods beginning on or after 1 April 2019. On adoption of HKFRS 16, the Group will recognise lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of HKAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate. The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised. Based on the allowed practical expedients under HKFRS 16, the lessee can elect not to apply the requirements of HKFRS 16 in respect of recognition of lease liability and right-of-use assets to short-term leases (i.e. the lease term ends twelve months or less from the date of initial application). In such cases, the leases are accounted for as short-term leases and the lease payments associated with the leases are recognized as expenses from short-term leases.

Up to the Period, all the leases of the Group were short-term and the Group decided to apply the practical expedients under HKFRS 16.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2019

4. REVENUE AND SEGMENT INFORMATION

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

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue		
Sales of homeware products	28,141	27,488
Other income and net gains		
Exchange gain, net	7	325
Gain on disposal of property, plant and equipment	50	–
Interest income	259	194
Packaging income	35	35
Sampling income	70	81
Others	130	136
	551	771

Segment information

The executive Directors of the Company, being the chief operating decision maker, regularly review revenue analysis by customers and by locations. The executive Directors of the Company considered the operating activities of designing and trading of homeware products as a single operating segment. The operating segment has been identified with reference to the internal management reports and is regularly reviewed by the executive Directors of the Company. The executive Directors of the Company review the overall results, assets and liabilities of the Group as a whole to make decisions about resources allocation. Accordingly, no analysis of this single operating segment is presented.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2019

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

Revenue from external customers, based on location of delivery to customers is as follows:

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue		
United Kingdom	9,594	10,486
Denmark	4,622	7,653
Australia	1,906	1,386
France	2,895	1,288
United States	2,307	1,204
Belgium	434	891
Italy	437	610
Poland	2,598	503
Others	3,348	3,467
	28,141	27,488

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

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
Hong Kong	597	591
PRC	4,270	6,250
Others	310	384
	5,177	7,225

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2019

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Information about major customers

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

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Customer A	4,229	7,026
Customer B	8,170	5,307
Customer C	4,424	3,404
Customer D	1,396	3,308

5. FINANCE COSTS

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Finance lease charges	21	14

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Current tax — Hong Kong Profits Tax	—	57
— PRC Enterprise Income Tax	—	—
Under-provision in prior year	2	—
	2	57

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2019

6. INCOME TAX EXPENSE (CONTINUED)

The Company was incorporated in the Cayman Islands and B & C Industries (BVI) Limited ("B&C Industries BVI") was incorporated in the BVI that are tax exempted as no business has been carried on in the Cayman Islands and the BVI under the tax laws of the Cayman Islands and the BVI respectively.

Hong Kong Profits Tax has been calculated at a rate of 16.5% on the estimated assessable profits for the Period and the six months ended 30 September 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 PRC enterprise income tax has been made since the Group did not generate any assessable profits arising in the PRC for the Period and the six months ended 30 September 2018.

7. LOSS FOR THE PERIOD

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

	Six months ended 30 September	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Auditor's remuneration	360	341
Cost of homeware products	18,774	17,884
Depreciation	2,228	287
Foreign exchange (gain)/loss, net	(7)	(325)
Operating lease charges in respect of:		
— Office premises	1,313	1,243
Staff costs including Directors' emoluments		
— Salaries, allowances and bonus	4,023	4,575
— Retirement benefit scheme contributions	205	182

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2019

8. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the Period of approximately HK\$3,503,000 (Previous Period: HK\$1,437,000) and the weighted average of 1,000,000,000 ordinary shares (Previous Period: 1,000,000,000 ordinary shares) in issue during the Period.

Diluted loss per share

There were no potential dilutive ordinary shares outstanding during the Period and the Previous Period, and hence the diluted loss per share is the same as basic loss per share.

9. DIVIDENDS

The Directors do not recommend a payment of an interim dividend of the Company for the Period.

10. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment at a total cost of approximately HK\$532,000 (Previous Period: HK\$5,169,000). The additions to property, plant and equipment during the Period of approximately HK\$480,000 (Previous Period: Nil) was financed by finance lease.

11. INVENTORIES

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
Finished goods	1,897	1,842

As at 30 September 2019, the carrying values of inventories are approximately HK\$1,897,000 (31 March 2019: HK\$1,842,000), which are net of provision of obsolete and slow-moving inventories of approximately HK\$250,000 (31 March 2019: HK\$273,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2019

12. TRADE RECEIVABLES

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
Trade receivables	10,191	11,676

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 ageing analysis of trade receivables, based on the delivery date, is as follows:

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
0 to 30 days	3,636	3,077
31 to 60 days	2,974	468
61 to 120 days	3,581	8,131
Over 120 days	–	–
	10,191	11,676

As at 30 September 2019 and 31 March 2019, trade receivables of approximately HK\$376,000 and HK\$1,314,000 respectively were past due but not impaired. They relate to trade receivables from a number of independent customers of whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
0 to 30 days	376	1,314

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2019

12. TRADE RECEIVABLES (CONTINUED)

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
GBP	3	7
USD	10,164	11,665
Others	24	4
	10,191	11,676

13. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
Prepayments		
Goods purchased	889	85
Administrative and operating expenses	520	1,112
	1,409	1,197
Deposits		
Rental deposits	181	181
Utility deposits	8	8
	189	189
Other receivables		
Others	4	–
	4	–
	1,602	1,386
Non-current portion	–	–
Current portion	1,602	1,386
	1,602	1,386

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2019

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

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
Trade payables	2,802	914
Other payables and accruals		
Accrued staff costs	167	615
Accrued administrative and operating expenses	845	1,762
Others	14	9
	1,026	2,386
Deposits receipt in advance	305	381
	4,133	3,681

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

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
0 to 90 days	2,772	898
91 to 180 days	13	3
Over 180 days	17	13
	2,802	914

The credit period ranges from 0 to 30 days.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2019

15. FINANCE LEASE PAYABLES

	Minimum lease payments		Present value of minimum lease payments	
	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
Within one year	106	184	88	167
In the second to fifth years, inclusive	352	337	325	324
	458	521	413	491
Less: Future finance charges	(45)	(30)	N/A	N/A
Present value of lease obligations	413	491	413	491
Less: Amount due for settlement within 12 months (shown under current liabilities)			(88)	(167)
Amount due for settlement after 12 months			325	324

The Group has leased certain of its motor vehicles under finance lease. During the Period, the Company early terminated the 5-year finance lease agreement with 5.44% per annum average effective borrowing rate and sold the motor vehicle to Mr. She, the executive Director of the Company. The Company also entered into a new 5-year finance lease agreement of the motor vehicle newly acquired in July 2019. The average effective borrowing rate of the new finance lease agreement was 4.84645% (31 March 2019: 5.44%). Interest rate of the new finance lease agreement is fixed at the contract date and thus exposes the Group to fair value interest rate risk. The lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of the lease term, the Group has the option to purchase the motor vehicle at nominal price.

16. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 31 March 2019 (audited) and 30 September 2019 (unaudited)	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 31 March 2019 (audited) and 30 September 2019 (unaudited)	1,000,000,000	10,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2019

17. LEASE COMMITMENTS

As at 30 September 2019 and 31 March 2019, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 30 September 2019 HK\$'000 (unaudited)	As at 31 March 2019 HK\$'000 (audited)
Within one year	920	2,128
In the second to fifth years inclusive	–	149
	920	2,277

Operating lease payments mainly represent rentals payable by the Group for its office premises, showroom and warehouse. 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 this report, the Group had the following transactions with its related parties:

	Six months ended 30 September 2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Rental expense to Pansino Homeware (Shenzhen) Co., Ltd.* (泛華家居用品(深圳)有限公司 ("Pansino Shenzhen")) (Note 1)	779	836
Sales of motor vehicle to Mr. She (Note 2)	400	Nil

Notes:

- Mr. She is interested in this transaction to the extent that he is the beneficial owner of Pansino Shenzhen.
- The sales proceeds of the motor vehicle to Mr. She was based on the market value. The Group recorded approximately HK\$48,000 gain on disposal of the motor vehicle.

* For identification purpose only

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

	Six months ended 30 September 2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Short-term benefits	1,464	1,366