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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 2020

The board of directors (the “**Board**”) of Satu Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2020. This announcement, containing the full text of the interim report of the Company for the six months ended 30 September 2020 (the “**2020/2021 Interim Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to the information required to accompany the preliminary announcement of unaudited interim results. Printed version of the 2020/2021 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.satuhome.com in due course.

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

Hong Kong, 6 November 2020

As at the date of this announcement, the executive Directors are Mr. She Leung Choi, Ms. Chan Lai Yin, Mr. She Leung Ngai Alex; and the independent non-executive Directors are Mr. Ho Kim Ching, Mr. Chan Ching Sum Sam and Ms. Fan Pui Shan.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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.satuhome.com.

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.*

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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

REGISTERED OFFICE

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Grand Cayman
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Cayman Islands

HEADQUARTERS, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

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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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Cricket Square
Hutchins Drive
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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.satuhome.com

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 2020 (the “**Period**”), together with the comparative figures for the corresponding period in 2019 (the “**Previous Period**”).

BUSINESS REVIEW

The Group mainly focused on homeware export and e-commerce businesses in Europe and the United States and developing our own brand-named products during the Period. The major business of the Group was homeware export business which was approximately 88.6% of the total revenue during the Period. Our homeware customers are comprised of international brand owners and licensees, chain supermarkets and renowned department stores mainly in Europe.

The unexpected outbreak of COVID-19 has pushed the global economy into a recession since the beginning of 2020 and has also severely exacerbated the Sino-US trade frictions and geopolitical tensions during the Period. The economic recovery will take longer than originally expected. The revenue of homeware export business of the Group was affected by the unprecedented situation during the first quarter of the financial year ending 31 March 2021. When some countries lifted restrictions and gradually restarted their economies recently, the demands from homeware export customers have increased slightly. The Group recorded an increase in revenue of homeware export business from approximately HK\$26.6 million for the Previous Period to HK\$26.7 million for the Period, representing an incrementation of approximately 0.4% year-over-year. The gross profit margin of homeware export business increased from approximately 27.8% in the Previous Period to approximately 29.9% in the Period. It is mainly attributable to our customers placing orders of our products with higher gross profit margins during the Period. The increase in gross profit margin also demonstrated that the management efforts on developing higher profit margin products, for instance, small home appliances have begun to bear fruit and show success.

MANAGEMENT DISCUSSION AND ANALYSIS

Our e-commerce performance was improved due to the change of consumer behaviours in response to the outbreak of COVID-19 during the Period. As most people are now working from home and in self-imposed quarantine, they preferred to purchase online. During the Period, the revenue of the e-commerce segment was approximately 7.6% of the Group's total revenue. It recorded a significant growth in revenue of approximately 53.3% from approximately HK\$1.5 million in the Previous Period to approximately HK\$2.3 million in the Period.

Starting from last year, our Company has developed our brand products and they were launched in the market via online store and distributors since February 2020. During the Period, the sale of our brand products contributed approximately 3.8% to our total revenue in the Period. The Group recorded approximately HK\$1.2 million out of its total revenue from the sale of our brand products during the Period.

During the Period, the loss after tax of the Group declined from approximately HK\$3.5 million in the Previous Period to approximately HK\$0.3 million in the Period. It is mainly attributable to the slight increase in revenue and the decrease in depreciation of property, plant and equipment, which is because the renovation of our showroom in the PRC was fully depreciated for the year ended 31 March 2020.

PROSPECT

The Group expects that the operating environment in the rest of the year would remain highly challenging and uncertain, as the COVID-19 continues to prevail and affect social and economic activities all over the world and the global economic conditions are unlikely to have any significant recovery this year. The Group will remain cautious and vigilant in assessing the impact of the outbreak of COVID-19 on an ongoing basis. In spite of the market uncertainty, the Group will continue to expand our product portfolio and customer base to boost the sales revenue and generate better returns to shareholders. We will also continue to seek investment opportunities that can bring sustainable and profitable growth to the Group in the long run.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue for the Period was approximately HK\$30.2 million, representing an increase of approximately 7.5% as compared to that of approximately HK\$28.1 million for the Previous Period. Such increase in revenue was primarily due to the increase in sales from e-commerce business and sales generated by our brand products during the Period.

Cost of Sales

The Group's cost of sales increased by approximately 1.5% from approximately HK\$20.4 million for the Previous Period to approximately HK\$20.7 million for the Period, which was in line with the increase in revenue for the Period.

Gross Profit

Gross profit increased by approximately 23.4% to approximately HK\$9.5 million for the Period from approximately HK\$7.7 million for the Previous Period. The gross profit margin increased from approximately 27.4% for the Previous Period to approximately 31.5% for the Period. It was mainly attributable to the increase in sales orders from houseware export and e-commerce customers with higher profit margin during the Period.

Selling and Distribution Expenses

During the Period, selling and distribution expenses increased to approximately HK\$4.3 million, representing an increase of approximately 16.2%, from approximately HK\$3.7 million for the Previous Period. It was mainly attributable to the increase in promotion and advertising expenses to widen and deepen our brand awareness among our customers and potential customers and consumers.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses decreased by approximately 27.5% from approximately HK\$8.0 million for the Previous Period to approximately HK\$5.8 million for the Period. Such decrease was mainly due to the decrease in depreciation of property, plant and equipment, which is because the renovation of our showroom in the PRC was fully depreciated for the year ended 31 March 2020.

Income Tax Expense

The Group's income tax expenses was approximately HK\$0.1 million, significantly increased as compared to that of approximately HK\$2,000 for the Previous Period, which was mainly due to the increase of assessable profit generated by several subsidiaries during the Period.

Loss for the Period

The Group recorded a loss of approximately HK\$0.3 million for the Period, whilst there was a loss of approximately HK\$3.5 million in the Previous Period. The decrease in loss was mainly attributable to the decrease in the depreciation of property, plant and equipment and the increase in the gross profit during the 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.

As at 30 September 2020, the Group had bank and cash balances of approximately HK\$25.6 million (31 March 2020: HK\$31.2 million). As at 30 September 2020, the Group's indebtedness comprised lease liabilities of approximately HK\$1.7 million (31 March 2020: HK\$2.1 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing ratio is calculated as total debts divided by total equity as at the respective period. As at 30 September 2020, the gearing ratio was approximately 4.4%, which decreased by approximately 0.8% as compared to that of approximately 5.2% as at 31 March 2020. It is mainly due to the repayment and the amortisation of lease liabilities.

As at 30 September 2020, the Group's total assets amounted to approximately HK\$48.9 million (31 March 2020: HK\$45.3 million) and net assets amounted to approximately HK\$39.3 million (31 March 2020: HK\$39.6 million).

As at 30 September 2020, current ratio and quick ratio of the Group decreased to approximately 5.2 and 5.0 respectively, as compared to that of approximately 9.4 and 9.1 as at 31 March 2020 respectively. This was mainly attributable to the decrease in bank and cash balances as a result of utilisation of net proceeds of approximately HK\$21.0 million up to 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 2020, 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” and the announcement for the reallocation and change in use of proceeds of the Company dated 19 March 2020.

An analysis of the amount utilised out of the net proceeds up to 30 September 2020 is set out below:

	Estimated use of proceeds HK\$ million	Adjusted use of proceeds HK\$ million	Unutilised up to 31 March 2020 HK\$ million	Utilised during the Period HK\$ million	Unutilised as at 30 September 2020 HK\$ million	Expected timeline for utilising the remaining proceeds ⁽ⁱ⁾	Comparison between business objectives with actual business progress up to 30 September 2020
Broaden the existing customer base, increase market share in the existing target markets and expand into new markets	13.5	13.2	-	-	-	-	(a)
Enhance design and development capabilities	4.8	4.7	3.5	0.5	3.0	On or before 31 March 2022	(b)
Enhance our quality assurance capabilities	4.8	4.7	0.1	0.1	-	-	
Enhance brand recognition and awareness and promote corporate reputation	6.4	6.3	8.4	1.1	7.3	On or before 31 March 2022	(c)
General working capital	2.5	2.4	-	-	-	-	
Total	32.0	31.3	12.0	1.7	10.3		

(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) On 19 March 2020, the Group reallocated the unutilised net proceeds in an amount of approximately HK\$7.3 million for establishing one liaison office in each of Europe and the US, acquiring office equipment to operate the liaison offices and recruitment and retaining certain staff to enhance the Company's brand recognition and awareness. For further details, please refer to the announcement of the Company dated 19 March 2020.
- (b) In accordance with the implementation activities as set out in the Prospectus, the Company applied the proceeds in 1) conducting certain external training courses for designers; and 2) retaining of the designer during the Period. The Company expected that proceeds for retention of staff and training will be fully utilised on or before 31 March 2022. 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) During the Period, the Company applied the proceeds in the following activities, which were consistent with the implementation activities set out in the Prospectus and the announcement for the reallocation and change in use of proceeds of the Company dated 19 March 2020: 1) advertising fee for the promotion of the products with Company's brand name; 2) providing service fee to the strategic business and brand consultant to develop the products under the Company's brand name; and 3) maintaining the e-commerce platform for trading the products with the Company's brand name.

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 2020 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 and the announcement for the reallocation and change in use of proceeds of the Company dated 19 March 2020.

HUMAN RESOURCES

As at 30 September 2020, the Group had a total of 27 (as at 30 September 2019: 33) full-time employees, and the total employee benefit expenses for the Period amounted to approximately HK\$3.8 million (Previous Period: HK\$4.2 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 accordance with the provisions of Chapter 23 of the GEM Listing Rules. As at 30 September 2020 and up to the date of this report, no option has been granted or agreed to be granted, lapsed, exercised, or cancelled and there were no outstanding share options under the Share Option Scheme.

PLEDGE OF ASSETS

The finance lease payables as at 30 September 2020 was secured against a motor vehicle with a carrying amount of approximately HK\$0.3 million (31 March 2020: HK\$0.4 million).

CAPITAL COMMITMENTS

As at 30 September 2020, the Group did not have any capital commitments (31 March 2020: 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 2020 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.

CONTINGENT LIABILITIES

As at 30 September 2020, the Group did not have any material contingent liabilities (31 March 2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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 2020. There was no other plan for material investments or capital assets as at 30 September 2020.

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 2020 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 and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules (“**CG Code**”), 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. The Board believes that vesting the roles of both chairman and chief executive in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The 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, efficiently and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive of our Company when it is appropriate and suitable, taking into account the management needs and the corporate 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 during the Period.

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 during the Period. The Company had also made specific enquiry with each Director and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the Period.

OTHER INFORMATION

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

As at 30 September 2020, 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 Divisions 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 are 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%
Present Moment Limited (“Present Moment”)	Beneficial owner	86,250,000 (L) (Note 3)	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. 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

INTEREST AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Save as disclosed above, as at 30 September 2020, so far as is known by or otherwise notified to the Directors, no other persons or 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 or to be disclosed under the provisions of Divisions 2 and 3 of Part XV 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 2020, the interests or short positions of the Directors and 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 or 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 are 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. The controlled corporation is Hearthfire, which 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. The controlled corporation is Present Moment, which 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

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

(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 2020, none of the Directors nor the chief executive of the Company had registered 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

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, 6 November 2020

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 2020

		Six months ended 30 September	
		2020	2019
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	4	30,185	28,141
Cost of sales		(20,722)	(20,448)
Gross profit		9,463	7,693
Other income and net gains	4	545	551
Selling and distribution expenses		(4,349)	(3,709)
Administrative and other operating expenses		(5,819)	(8,015)
Loss from operations		(160)	(3,480)
Finance costs	5	(27)	(21)
Loss before tax		(187)	(3,501)
Income tax expense	6	(109)	(2)
Loss for the Period attributable to owners of the Company	7	(296)	(3,503)
Loss per share			
Basic and diluted	8	HK(0.03) cents	HK(0.35) cents

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

For the six months ended 30 September 2020

	Six months ended 30 September	
	2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
Loss for the Period	(296)	(3,503)
Other comprehensive income: <i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	(5)	(26)
Other comprehensive income for the Period, net of tax	(301)	(26)
Total comprehensive income for the Period attributable to owner of the Company	(301)	(3,529)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Notes	As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	2,374	2,431
Right-of-use assets	11	1,690	2,071
Deferred tax assets		–	–
		4,064	4,502
Current assets			
Inventories	12	1,666	1,567
Trade receivables	13	13,620	7,082
Prepayments, deposits and other receivables	14	1,418	939
Current tax assets		4	–
Financial Assets at fair value through profit or loss	15	2,558	–
Bank and cash balances		25,608	31,220
		44,874	40,808
Current liabilities			
Trade payables	16	4,964	954
Other payables and accruals	16	1,878	1,944
Contract liabilities	16	926	703
Lease liabilities	17	706	697
Current tax liabilities		131	23
		8,605	4,321
Net current assets		36,269	36,487
Non-current liabilities			
Lease liabilities	17	1,022	1,377
NET ASSETS		39,311	39,612
Capital and reserves			
Share capital	18	10,000	10,000
Reserves		29,311	29,612
TOTAL EQUITY		39,311	39,612

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to the owners of the Company						Total equity
	Share capital	Other reserve	Foreign currency translation reserve	Share premium	Merger reserve	(Accumulated losses)/ Retained earnings	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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
At 1 April 2020	10,000	8	(42)	36,793	(360)	(6,787)	39,612
Loss and total comprehensive income for the period	-	-	(5)	-	-	(296)	(301)
At 30 September 2020 (unaudited)	10,000	8	(47)	36,793	(360)	(7,083)	39,311

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

		Six months ended 30 September	
		2020	2019
		HK\$'000	HK\$'000
Note		(unaudited)	(unaudited)
CASH FLOW FROM OPERATING ACTIVITIES			
	Loss before tax	(187)	(3,501)
	Adjustments for:		
	Depreciation on property, plant and equipment	428	2,228
	Depreciation on right-of-use assets	381	–
	Allowance for slow-moving inventories, net	(21)	(23)
	Interest income	(45)	(259)
	Finance costs	27	21
	Gain on disposal of property, plant and equipment	–	(50)
	Exchange difference	14	–
	Operating profit/(loss) before working capital changes	597	(1,584)
	(Increase)/decrease in trade receivables	(6,540)	1,485
	Increase in inventories	(78)	(33)
	Increase in prepayments, deposits and other receivables	(479)	(216)
	Increase in trade payables	4,010	1,888
	Decrease in other payables and accruals	(66)	(1,360)
	Increase/(Decrease) in contract liabilities	224	(75)
	Cash (used in)/generated from operations	(2,332)	105
	Income taxes paid	(4)	(455)
	Finance costs paid	(27)	(21)
	Net cash used in operating activities	(2,363)	(371)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

		Six months ended 30 September	
		2020	2019
Note		HK\$'000 (unaudited)	HK\$'000 (unaudited)
CASH FLOW FROM INVESTING ACTIVITIES			
	Purchases of property, plant and equipment	(371)	(52)
10	Purchase of financial assets at fair value through profit or loss	(2,572)	–
	Proceeds from disposal of property, plant and equipment	–	402
	Interest received	45	259
	Net cash (used in)/generated from investing activities	(2,898)	609
CASH FLOW FROM FINANCING ACTIVITIES			
	Principal elements of lease payments (2019: Repayment of finance lease payables)	(346)	(559)
	Net cash used in financing activities	(346)	(559)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES			
		(5)	(26)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		(5,612)	(347)
CASH AND CASH EQUIVALENTS AT 1 APRIL			
		31,220	31,332
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER			
		25,608	30,985
ANALYSIS OF CASH AND CASH EQUIVALENTS			
	Bank and cash balances	25,608	30,985

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2020

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 trading, designing of houseware products and e-commerce business.

In the opinion of the Directors, as at 30 September 2020, 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 2020, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31 March 2021. Details of any changes in accounting policies are set out in note 3 to the unaudited condensed consolidated interim financial information. 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 2020. 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 except for the financial assets at fair value through profit or loss that are measured at fair value. 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 2020

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2020, 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:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the above amendments to HKFRSs in the Period has had no material effect on the amounts reported in the unaudited condensed consolidated financial information and/or disclosures set out in the unaudited condensed consolidated financial information.

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.

4. REVENUE AND SEGMENT INFORMATION

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

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue		
Sales of homeware products	30,185	28,141
Other income and net gains		
Exchange (loss)/gain, net	(157)	7
Gain on disposal of property, plant and equipment	–	50
Interest income	45	259
Packaging income	57	35
Sampling income	33	70
Others	567	130
	545	551

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 consider 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 2020

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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue		
United Kingdom	9,978	9,594
Denmark	4,618	4,622
Australia	3,631	1,906
Poland	2,693	2,598
France	2,607	2,895
United States	2,602	2,307
Others	4,056	4,219
	30,185	28,141

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

	As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
	Hong Kong	1,807
PRC	2,091	2,079
Others	166	241
	4,064	4,502

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2020

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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Customer A	4,618	4,229
Customer B	6,516	8,170
Customer C	3,488	4,424

5. FINANCE COSTS

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Interest on lease liabilities	27	–
Finance lease charges	–	21
	27	21

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Current tax — Hong Kong Profits Tax	108	–
— PRC Enterprise Income Tax under-provision in prior year	1	2
	109	2

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2020

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.

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2 million of assessable profits of qualifying corporations established in Hong Kong will be lowered to 8.25%, and profits above that amount will 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 PRC enterprise income tax has been made since the Group did not generate any assessable profits arising in the PRC for either the Period or the Previous Period.

7. LOSS FOR THE PERIOD

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

	Six months ended 30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Auditor's remuneration	299	360
Cost of homeware products	20,702	18,774
Depreciation on right-of-use assets	381	–
Depreciation on property, plant and equipment	428	2,228
Foreign exchange loss/(gain), net	157	(7)
Operating lease charges in respect of:		
— Office premises	866	1,177
— Warehouse	227	136
Staff costs including Directors' emoluments		
— Salaries, allowances and bonus	3,689	4,023
— Retirement benefit scheme contributions	140	205

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2020

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\$296,000 (Previous Period: HK\$3,503,000) 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 the 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\$371,000 (Previous Period: HK\$532,000). No additions to property, plant and equipment during the Period (Previous Period: HK\$480,000) was financed by finance lease.

11. RIGHT-OF-USE ASSETS

	Leased property HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 1 April 2020	1,699	372	2,071
Depreciation	(309)	(72)	(381)
At 30 September 2020 (unaudited)	1,390	300	1,690

12. INVENTORIES

	As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
Finished goods	1,666	1,567

As at 30 September 2020, the carrying values of inventories are approximately HK\$1,666,000 (31 March 2020: HK\$1,567,000), which are net of provision of obsolete and slow-moving inventories of approximately HK\$161,000 (31 March 2020: HK\$182,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2020

13. TRADE RECEIVABLES

	As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
Trade receivables	13,620	7,082

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:

	As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
0 to 30 days	5,727	2,506
31 to 60 days	4,060	154
61 to 120 days	3,524	4,422
Over 120 days	309	–
	13,620	7,082

As at 30 September 2020 and 31 March 2020, trade receivables of approximately HK\$1,205,000 and approximately HK\$317,000 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 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
0 to 30 days	896	317
Over 120 days	309	–
	1,205	317

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2020

13. TRADE RECEIVABLES (CONTINUED)

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

	As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
GBP	— ⁽ⁱ⁾	— ⁽ⁱ⁾
USD	13,448	7,038
RMB	156	34
Others	16	10
	13,620	7,082

(i) Represent the amount less than HK\$1,000.

14. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

	As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
Prepayments		
Goods purchased	468	188
Administrative and operating expenses	751	554
	1,219	742
Deposits		
Rental deposits	189	189
Utility deposits	8	8
	197	197
Other receivables		
Others	2	—
	2	—
	1,418	939

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2020

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
Financial investment at fair value through profit or loss:		
— Short-term Cash Management Fund	2,558	—
	2,558	—

On 1 April 2020, the Company subscribed the short-term cash management fund issued by the bank in Hong Kong with maturity period in one year.

16. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES

	As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
Trade payables	4,964	954
Other payables and accruals		
Accrued staff costs	710	589
Accrued administrative and operating expenses	914	1,327
Others	254	28
	1,878	1,944
Contract liabilities	926	703
	7,768	3,601

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

	As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
0 to 90 days	4,891	813
91 to 180 days	28	96
Over 180 days	45	45
	4,964	954

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 2020

17. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)	As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
Within one year	746	746	706	697
In the second to fifth years, inclusive	1,047	1,420	1,022	1,377
	1,793	2,166	1,728	2,074
Less: Future finance charges	(65)	(92)	N/A	N/A
Present value of lease obligations	1,728	2,074	1,728	2,074
Less: Amount due for settlement within 12 months (shown under current liabilities)			(706)	(697)
Amount due for settlement after 12 months			1,022	1,377

It is the Group's policy to lease certain of its motor vehicles under finance leases. The lease term is 5 years. At 30 September 2020, the effective borrowing rate was 4.85% (31 March 2020: 4.85%). 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.

18. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 31 March 2020 (audited) and 30 September 2020 (unaudited)	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 31 March 2020 (audited) and 30 September 2020 (unaudited)	1,000,000,000	10,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 September 2020

19. 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	
	2020 HK\$'000 (unaudited)	2019 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)	801	779
Sales of motor vehicle to Mr. She (Note 2)	–	400

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	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Short-term benefits	1,330	1,284