



香港聯合交易所有限公司

(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

A Company must ensure that it keeps adequate accounting records in order to prepare consolidated financial statements that comply with relevant standards and applicable law. There must be adequate documents and records to support the Company's transactions, revenue and expenses.

The Company was in clear breach of the Listing Rules and fell short of appropriate corporate governance. The deficiencies in this case prevented the Company's auditors from expressing an opinion on important financial information, which is relevant to the shareholders' and the public's assessment of the Company.

The Listing Committee of The Stock Exchange of Hong Kong Limited ("Listing Committee")

CENSURES:

Artini Holdings Limited ("Company") (Stock Code: 789)

for breaching Rules 13.46(2)(a) and 13.49(1) of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* ("**Listing Rules**") for its delay in the publication of its annual results and report for the year ended 31 March 2017.

For the avoidance of doubt, the Exchange confirms that the sanctions in this news release apply only to the Company.

SETTLEMENT

As a consequence of settlement, the Company admits its breaches of the Listing Rules and accepts the sanctions imposed by the Listing Committee as set out below.

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FACTS

The Company's financial year end is 31 March. As such the FY2016/17 Results and FY2016/17 Report were due to be published on 30 June 2017 and 31 July 2017 respectively.

The auditors of the Company encountered difficulties in auditing the Company's financial statements because the Company did not keep proper and adequate accounting records of its businesses in particular its "E-Commerce Business" relating to the development and sale of software applications, and "Agency Business" relating to the Company's concurrent design manufacturing of fashion accessories.

The Company published the FY2016/17 Results and FY2016/17 Report on 17 July 2017 and 16 August 2017 respectively, a delay under the Listing Rules of 17 and 16 days.

Listing Rules Requirements

Rules 13.49(1) and 13.46(2)(a) require a listed issuer to publish its annual results and annual report no later than three and four months respectively after the end of the financial year.

LISTING COMMITTEE'S FINDINGS OF BREACH

The Listing Committee considered the written and oral submissions of the Listing Department and the Company, and concluded as follows:

Company's breaches

The Listing Committee noted that the Company admitted it had breached Rules 13.46(2)(a) and 13.49(1) by failing to publish the FY2016/17 Results and Report within the time prescribed by the Listing Rules.

Internal Control Deficiencies

The Listing Committee found there were material deficiencies in the Company's internal controls at the time which had led to its breaches of the Listing Rules:

- (1) The Company did not maintain any or adequate supporting documents or records to support its revenue or expenditure of its businesses, in particular the "E-Commerce business" and "Agency Business";

- (2) Such lack of or limited supporting information and documents prevented the Company's auditors from carrying out satisfactory audit procedures to obtain reasonable assurance regarding *inter alia* the completeness, accuracy and/or occurrence of the revenue and expenditures of the Company's businesses. This led to a disclaimer of opinion being expressed in the Company's FY2016/17 Results and Report and a delay in the publication of the same; and
- (3) The independent internal controls review commissioned by the Company in February 2018 confirmed the significant number of internal controls deficiencies *inter alia* in the Company's corporate governance practice and financial reporting, revenue and receipts and purchases and payments. These deficiencies were classified by the internal control consultant as high to medium risk.

The Listing Committee notes, however, that the Company has since implemented measures to improve the internal control systems and financial reporting procedures of the Group. In July 2018, the internal control consultant conducted a follow-up review and found no irregularities in the Company's internal control system.

REGULATORY CONCERN

The Listing Committee regards the breaches in this matter as serious:

- (1) The Listing Rules are designed to ensure that investors have a continued confidence in the market and that they are kept fully informed by the Company. In this regard it is important that issuers publish their financial information in accordance with the timeframe under the Listing Rules.
- (2) In this case, it was clearly inadequate for the Company not to have sufficient documents and records to support its transactions, revenue and expenses, to ensure their completeness, accuracy and occurrence. The deficiencies in this respect prevented the Company's auditors from expressing an opinion on important financial information of the Group, which is relevant to the shareholders' and the public's assessment of the Company.
- (3) It is important for the Company to review its internal controls and risk management system and to follow up on any matters or deficiencies identified. The reviews must be made on an ongoing basis to ensure it is adequate and effective and should also cover all the material aspects, including financial, operational and compliance controls. Such failure by the Company to review raises serious concerns and demonstrates a disregard for sound corporate governance.

SANCTIONS

Having made the findings of breach stated above, the Listing Committee decides to censure the Company for its breaches of Rules 13.46(2)(a) and 13.49(1).

Hong Kong, 11 December 2019