

# **Artini Holdings Limited**

## 雅天妮集團有限公司

( Incorporated in the Bermuda with limited liability )

Stock Code : 789

# ARTINI



2021/22

Interim Report

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Tse Hoi Chau (*Chairman*)

Ms. Yu Zhong Lian

Mr. Tse Kin Lung (*Chief Executive*)

### Independent Non-executive Directors

Mr. Lau Fai Lawrence

Mr. Lau Yiu Kit

Mr. Ma Sai Yam

## AUDIT COMMITTEE

Mr. Lau Fai Lawrence (*Chairman*)

Mr. Lau Yiu Kit

Mr. Ma Sai Yam

## REMUNERATION COMMITTEE

Mr. Ma Sai Yam (*Chairman*)

Mr. Tse Hoi Chau

Mr. Lau Fai Lawrence

Mr. Lau Yiu Kit

## NOMINATION COMMITTEE

Mr. Lau Fai Lawrence (*Chairman*)

Mr. Tse Hoi Chau

Mr. Lau Yiu Kit

Mr. Ma Sai Yam

## COMPANY SECRETARY

Ms. Ho Wing Yan (*ACG, ACS(PE)*)

## AUTHORISED REPRESENTATIVES

Mr. Tse Hoi Chau

Ms. Ho Wing Yan (*ACG, ACS(PE)*)

## REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

## PRINCIPAL PLACE OF BUSINESS

Unit 1117, 11/F

Star House

No.3 Salisbury Road

Tsim Sha Tsui

Kowloon

Hong Kong

## PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited

The Hongkong and Shanghai Banking Corporation

Limited

## Corporate Information

### LEGAL ADVISERS

As to Bermuda law

Conyers Dill & Pearman  
2901, One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

### AUDITOR

BDO Limited  
25th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

### SHARE REGISTRARS

Principal share registrar and transfer office  
MUFG Fund Services (Bermuda) Limited  
4th floor North  
Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

Hong Kong branch share registrar and transfer office

Union Registrars Limited  
Suite 3301-04, 33/F  
Two Chinachem Exchange Squares  
338 King's Road  
North Point  
Hong Kong

### LISTING EXCHANGE INFORMATION

Place of Listing

The Stock Exchange of Hong Kong Limited

Stock Code

789

### COMPANY'S WEBSITE

[www.artini.com.hk](http://www.artini.com.hk)

# Management Discussion and Analysis

The board (the “Board”) of directors (the “Directors”) of Artini Holdings Limited (the “Company”) is pleased to present this interim report, including the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2021 (the “Period”).

## BUSINESS REVIEW

The Group mainly engaged in fashion accessories business.

During the Period, the global and regional economies and political environment experienced a profound impact directly linked to the outbreak of COVID-19 (the “Pandemic”). Many countries adhered to the public health emergency measures and took actions to prevent the spread of the Pandemic. The flows of people and goods are affected, while inbound travel restrictions and “lockdown” policy were in effect. The operating business and logistics network of goods delivery of the Group were affected; and the sales orders and sales volumes of fashion accessories products in overseas market were also delayed and reduced. However, the Group remained steadfast in its strategic focus while concurrently executed aggressive and proactive reform initiatives so as to overcome sudden crisis and addressed related challenges in which to minimize the negative impact.

During the Period, the Group’s fashion accessories business generated revenue of approximately HK\$46,316,000 (six months ended 30 September 2020: approximately HK\$44,041,000), representing an increase of approximately 5.2% due to the fact that the (COVID-19) epidemic (the “Epidemic”) was increasingly stabilized during the Period.

## Management Discussion and Analysis

Owing to the persistent impact of the Pandemic, the Group had implemented proactive measures during the Period so as to minimize the negative impact of COVID-19, among other, the main measures are as follows:

1. The Group took proactive measures to control operating expenses and optimized the internal cost structure to reduce operating costs, including the control over staff costs and the closure of offline retail spots. The Group's administrative expenses for the Period decreased approximately 72.3% from approximately HK\$14,154,000 in six months ended 30 September 2020 to approximately HK\$3,920,000.
2. The extensive global footprint of the Group minimized the risk of excessive dependence on single market. During the Period, the Group zeroed in on adjusting its marketing direction, such as focusing on development of more fashion accessories products to meet the needs of China market, so as to avoid over-reliance on a single market.
3. During the Pandemic, the Group remained its own self-contained inventory, notwithstanding the suspension of work and operation from the suppliers, the operation of online and offline sales platforms could still be maintained.
4. The Group reinforced the youthful, artistic and fashionable image of "Artini", and accelerated the business transformation into a digitalized, Cloud-based and social media marketing online platform, so as to consolidate its competitiveness in the fashion accessories industry. The Group's selling and distribution expenses for the Period increased by approximately 261.0% from approximately HK\$3,226,000 in six months ended 30 September 2020 to approximately HK\$11,646,000, in order to increase market share by exploiting new customers and new markets.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

Revenue of the Group for the Period amounted to approximately HK\$46,316,000 (six months ended 30 September 2020: approximately HK\$44,041,000), representing an increase of approximately 5.2% from that of the corresponding period of 2020. The increase in the Group's revenue during the Period was mainly due to the Epidemic increasingly stabilized with the increase in the total number of customers and transactions.

### Gross profit

The Group's gross profit for the Period was approximately HK\$10,625,000 (six months ended 30 September 2020: approximately HK\$971,000), representing an increase of approximately 994.2%. The Group's gross profit margin for the Period was approximately 22.9%. The increase in the Group's gross profit during the Period was mainly due to (i) the fact that the Epidemic was increasingly stabilized; (ii) no provision for inventories was required to make; and (iii) no extra discounts was offered to customers.

### Selling and distribution expenses

The Group's selling and distribution expenses for the Period was approximately HK\$11,646,000 (six months ended 30 September 2020: approximately HK\$3,226,000), representing an increase of approximately 261.0%. The increase in the Group's selling and distribution expenses during the Period was mainly attributable to the increase in the distribution costs such as logistics and shipping costs and the marketing and promotion expenses for the Group's fashion accessories business during the Period.

### Administrative expenses

The Group's administrative expenses for the Period was approximately HK\$3,920,000 (six months ended 30 September 2020: approximately HK\$14,154,000), representing a decrease of approximately 72.3%. The decrease in the Group's administrative expenses was mainly attributable to the implementation of certain cost control measures during the Period.

### Loss for the Period

As a result of the foregoing, the Group's loss for the Period was approximately HK\$5,430,000 (six months ended 30 September 2020: a loss of approximately HK\$17,966,000).

# Management Discussion and Analysis

## PROSPECTS

Despite the widespread impact of COVID-19, the Group is motivated by the substantial advantage resulted from its business development and business platform, and is confident with the increment in revenue owing to the overall strategic planning and containment of COVID-19 around the globe.

From the aspect of the fashion accessories online wholesales platform, the Group is proactively developing new product line – semi-precious stone jewellery product line, so as to reduce the impact of a change in climate and trends of the fashion accessories. By developing new product lines, the Group will achieve product diversification for suiting different consumer demands.

The Group will continue to focus on the brand image of "Artini", and the strategic development of third-party retail online platforms and social media marketing online platforms. With the rapid growth in the number of supporters, the Group will persist in maintaining and enhancing the brand image. Through relevant online channels to launch more fashion accessories products to meet the needs of consumers, in order to increase market share by exploiting new customers and new markets. The "Artini" brand will continue to upgrade its brand, to accelerate the pace of socialized marketing, and to zero in on product innovation, skills development and new product launch.

In addition, the Group is optimistic towards the China market. The Group believes, the internal demand will be the impetus of consumer demand and the overall economics under the "dual circulation" strategy introduced by the Chinese government. Subsequent to the increment of the disposable income per capita and the improvement of living standard in China, it is expected that Mainland China will sustain the momentum from consumption upgrade, whilst the consumers will increase their spending limits and incline towards the purchase of fashion accessories products with higher value. Therefore, the Group will allocate more resources to further expand the sales volumes in China.

## LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the Group generally financed its operations with internally generated resources and its own working capital. The Group's cash and cash equivalents as at 30 September 2021 in the amount of approximately HK\$33,141,000 (31 March 2021: approximately HK\$18,901,000) were principally denominated in Hong Kong Dollars and Renminbi and is placed with licensed banks as current deposits. As at 30 September 2021, the Group did not have any borrowings (31 March 2021: Nil). The Group monitors its capital structure on the basis of gearing ratio, which is calculated as total liabilities over total equity. The gearing ratio of the Group was approximately 15.4% as at 30 September 2021 (31 March 2021: approximately 15.2%).

## DIVIDENDS

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 September 2020: Nil).

# Management Discussion and Analysis

## CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the Period. The capital of the Group only comprises ordinary shares.

## FOREIGN EXCHANGE EXPOSURE

The main business activities of the Group take place in the PRC and Hong Kong. Accordingly, the potential foreign exchange exposure of the Group is mainly attributable to fluctuations of the Renminbi. The Group has not used any forward contracts or hedging products to hedge its interest rate or exchange rate risks during the Period. The management will, nonetheless, continue to monitor foreign currency risks exposures and consider adopting prudent measures as appropriate.

## CHARGES ON ASSETS

As at 30 September 2021 and 31 March 2021, the Group did not have any charges on its assets.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group currently does not have any firm intention or specific plans for material investments or capital assets.

## SIGNIFICANT INVESTMENTS

There was no significant investment held by the Group during the Period.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

## CONTINGENT LIABILITIES

As at 30 September 2021 and 31 March 2021, the Group had no significant contingent liabilities.

# Management Discussion and Analysis

## EMPLOYEES AND EMOLUMENTS

As at 30 September 2021, the Group had 36 employees. During the Period, the total staff cost including directors' emoluments amounted to approximately HK\$3,314,000. To enhance the expertise, product knowledge, marketing skills and overall operational management skills of its employees, the Group organised regular training and development courses for its employees, and provided them with a competitive remuneration package, including salary, allowance, insurance, commission and bonus. Meanwhile, in order to create a harmonious and family-like working atmosphere, the Group emphasises on communication with employees and continually developing paths for staff promotion. Share options would be granted to respective employees with outstanding performance and contributions to the Group.

## EVENT AFTER THE PERIOD

Save as disclosed in this report, no material events happened subsequent to the Period and up to the date of this report.

## NET PROCEEDS FROM PLACING IN 2017

On 26 January 2017, the Company entered into a placing agreement with China Investment Securities International Brokerage Limited (the "Placing Agent"), pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 510,000,000 placing shares to placees at a price of HK\$0.08 per placing share (the "Placing"), raising gross proceeds and net proceeds of approximately HK\$40.8 million and HK\$39.7 million respectively.

The net price for each placing share was approximately HK\$0.078. The closing price per ordinary share as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 January 2017, being the date of the placing agreement was HK\$0.099.

The Board considered that the Placing would expand the Group's talent pool and capabilities to develop software applications and mobile gaming applications with in-app purchases that would reinforce the Group's e-commerce sales.

As stated in the announcement dated 26 January 2017, net proceeds from the Placing of approximately HK\$27.8 million intended to be used for development of such software applications and/or mobile gaming applications, and/or acquire related technological company(ies), and approximately HK\$11.9 million would be used as marketing and promotion for the mobile gaming applications.

On 16 February 2017, the conditions of the Placing have been fulfilled. A total of 510,000,000 placing shares have been successfully placed to not less than six placees at the price of HK\$0.08 per placing share.

Details of the Placing has been set out in the announcements of the Company dated 26 January 2017 and 16 February 2017.

# Management Discussion and Analysis

## NET PROCEEDS FROM PLACING IN 2017 *(continued)*

The below table sets out the use of net proceeds from Placing.

Use of proceeds from Placing	Intended use of net proceeds from Placing (Approximate)	Revised use of net proceeds from Placing (Approximate)	Utilised net proceeds from Placing up to 31 March 2021 (Approximate)	Unutilised net proceeds from Placing as at 31 March 2021 (Approximate)	Utilised net proceeds from Placing for the Period (Approximate)	Unutilised net proceeds from Placing as at 30 September 2021 (Approximate)	Expected timeline for unutilised net proceeds from Placing
Development of software applications and/or mobile gaming applications, and/or acquire related technological company(ies)	HK\$27.8 million	-	-	-	-	-	-
Marketing and promotion for the mobile gaming applications	HK\$11.9 million	-	-	-	-	-	-
Development of self-operated online platform	-	HK\$11.9 million	HK\$4.7 million	HK\$7.2 million	HK\$3.1 million	HK\$4.1 million	By 2022
Enhancement of brand recognition and awareness	-	HK\$11.9 million	HK\$7.5 million	HK\$4.4 million	HK\$4.4 million	HK\$Nil	By 2022
General corporate purposes and working capital	-	HK\$15.9 million	HK\$13.8 million	HK\$2.1 million	HK\$2.1 million	HK\$Nil	By 2022

Due to the changes in the Group's business strategies and its focus on the integrated fashion accessories platform business, the development of the software business and related software applications and/or mobile gaming applications were suspended. The net proceeds from Placing were tentatively set aside and deposited with Hong Kong licensed banks until the emergence of other business development opportunities.

The Directors had constantly evaluate the Group's business objectives and the changing market condition to bring sustainable development to the Group.

In order to better utilise the resources on hand, and taking into account the global outbreak of the Epidemic in early 2020 and its continuous impact on the Group, on 18 June 2020, the Board resolved to change the proposed use of net proceeds.

In future, the Group's self-operated online wholesale platform will continue to be its main focus of development. In view of this, the Board has resolved to allocate part of the net proceeds, being approximately HK\$11.9 million for the development of the self-operated online wholesale platform, which include but not limited to the broadening of existing customer base and products variety, and further enhancement of the platform system and technology upgrade.

## Management Discussion and Analysis

On the other hand, the Group considers the "ARTINI" brand has accumulated a significant intrinsic value over the years and is a valuable asset of the Group. As such, the Board has resolved to allocate approximately HK\$11.9 million for the enhancement of the brand recognition and awareness, such as the strengthening of the Group's interior design team and the implementation of various marketing and promotion activities. The Board considered that developing brand name and its products is one of the key factors in improving the Group's business performance.

In the long run, the Group believes that by allocating capital and resources more deliberately and effectively and by rebuilding the brand "ARTINI", the Group is able to re-establish its leading position in the fashion accessories industry.

Furthermore, in view of the global outbreak of the Epidemic, the Group's fashion accessories business may be adversely affected, the Board resolved to allocate net proceeds of approximately HK\$15.9 million for "general corporate purposes and working capital" for the daily business operations and to cope with the economic uncertainty in the future.

Save as disclosed above, there was no other changes in the use of the proceeds from Placing. The Board considers that such change of the use of proceeds will not have any material adverse impact on the Group's current financial position. The Board also considers that such arrangement was in line with the businesses development of the Group in view of the then economic and market condition and is in the interests of the Company and the shareholders of the Company as a whole.

The unutilised net proceeds from Placing as at 30 September 2021 were deposited with Hong Kong licensed banks.

# Corporate Governance and Other Information

## CORPORATE GOVERNANCE

### Corporate Governance Practice

The Company has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company has complied with all code provisions in the CG Code during the Period.

### Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct for securities transactions by the Directors. The Company has made specific enquiries of all Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code for the Period.

### Audit Committee

The audit committee of the Company (the "Audit Committee") was established on 23 April 2008 with written terms of reference in compliance with the CG Code. The Audit Committee comprises three members, all being independent non-executive Directors, namely Mr. Lau Fai Lawrence (Chairman), Mr. Lau Yiu Kit and Mr. Ma Sai Yam, who together have sufficient accounting and financial management expertise, legal and business experience to discharge their duties and none of them is a former partner of the external auditors of the Company. The Audit Committee has reviewed the unaudited condensed consolidated financial statement and the interim report for the Period.

## Corporate Governance and Other Information

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the Period.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2021, the interests or short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were 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 were taken or deemed to have under such provision of the SFO) or which were required to be recorded in the register of interests required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

## Corporate Governance and Other Information

### Long positions in the Shares

Names of Directors	Interest in underlying Shares pursuant to share options					Approximate percentage of the issued Shares as at 30 September 2021
	Number of issued ordinary Shares held (Note 1)	Beneficial Owner	Interest in a controlled corporation	Beneficial Owner	Interest of family	
Mr. Tse Hoi Chau ("Mr. Tse")	2,964,800	–	705,053,597 (Note 2)	11,000,000	11,000,000 (Note 3)	730,018,397 66.13%
Ms. Yu Zhonglian ("Ms. Yu")	–	2,964,800 (Note 4)	705,053,597 (Note 2)	11,000,000	11,000,000 (Note 4)	730,018,397 66.13%
Mr. Tse Kin Lung	–	–	–	11,000,000	–	11,000,000 1.00%

Notes:

1. These share options were granted by the Company on 15 July 2020 under the share option scheme adopted by the Company on 26 August 2019.
2. There shares are held by Walifax Investments Limited which is wholly and beneficially owned by Mr. Tse. As Ms. Yu is the spouse of Mr. Tse, Ms. Yu is deemed to be interested in all the Shares held by Mr. Tse (through Walifax Investments Limited) by virtue of the SFO.
3. The interest is held by Ms. Yu. As Mr. Tse is the spouse of Ms. Yu, Mr. Tse is deemed to be interested in all the Shares held by Ms. Yu by virtue of the SFO.
4. The interest is held by Mr. Tse. As Ms. Yu is the spouse of Mr. Tse, Ms. Yu is deemed to be interested in all the Shares held by Mr. Tse by virtue of the SFO.

## Corporate Governance and Other Information

### DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed herein, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2021, the following persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the Listing Rules:

#### Long positions in shares of the Company

Name of shareholders	Capacity	Number of issued ordinary Shares/underlying Shares held	Approximate percentage of the issued Shares as at 30 September 2021
Walifax Investments Limited (Note 1)	Beneficial interest	705,053,597	63.87%

Note 1: Walifax Investments Limited is wholly and beneficially owned by Mr. Tse Hoi Chau, its sole director.

Save as disclosed above, as at 30 September 2021, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

## Corporate Governance and Other Information

### 2008 SHARE OPTION SCHEME

The Company adopted a share option scheme on 23 April 2008 (the "2008 Share Option Scheme"). The purpose of the 2008 Share Option Scheme is to reward participants who have contributed to the Group and to encourage participants to work towards enhancing value of the Company and its shares for the benefits of the Company and the shareholders of the Company as a whole. The 2008 Share Option Scheme was adopted for a period of 10 years commencing from 23 April 2008. The 2008 Share Option Scheme has become expiry on 22 April 2018. Share options granted prior to such expiration shall continue to be valid and exercisable in accordance with the provisions of the 2008 Share Option Scheme. As at the date of this report, there are no outstanding share options and no shares are available for issue under the 2008 share option scheme.

## Corporate Governance and Other Information

### 2019 SHARE OPTION SCHEME

The Company adopted a new share option scheme on 26 August 2019 (the "2019 Share Option Scheme"). The purpose of the 2019 Share Option Scheme is to reward participants who have contributed to the Group and to encourage participants to work towards enhancing value of the Company and its shares for the benefits of the Company and the shareholders of the Company as a whole. The 2019 Share Option Scheme was adopted for a period of 10 years commencing from 26 August 2019. Details of shares options movements during the Period under the 2019 Share Option Scheme are as follows:

Name of the grantees	Date of grant	Number of share options						Validity period of the share options	Adjusted exercise price (HK\$) (Note 1)
		Outstanding as at 1 April 2021	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Outstanding as at 30 September 2021		
<b>Directors</b>									
Mr. Tse Hoi Chau	15 July 2020	11,000,000	-	-	-	-	11,000,000	15 July 2020 – 14 July 2023	0.197
Ms. Yu Zhonglian	15 July 2020	11,000,000	-	-	-	-	11,000,000	15 July 2020 – 14 July 2023	0.197
Mr. Tse Kin Lung	15 July 2020	11,000,000	-	-	-	-	11,000,000	15 July 2020 – 14 July 2023	0.197
<b>Other Participants</b>									
Employees	15 July 2020	6,200,000	-	-	-	-	6,200,000	15 July 2020 – 14 July 2023	0.197
Consultants	15 July 2020	71,000,000	-	-	-	-	71,000,000	15 July 2020 – 14 July 2023	0.197 (Note 2)
		110,200,000	-	-	-	-	110,200,000		

#### Notes:

- (1) Upon acceptance of the share options, the grantees shall pay HK\$1.00 to the Company as consideration for the grant. The Company has received such consideration from the respective grantees.
- (2) These 71,000,000 outstanding share options are held by ten consultants of the Company (the "Consultants") respectively. The backgrounds of the Consultants are as follows:

#### Consultants A, B and C

As at the date of this report, each of Consultant A, Consultant B and Consultant C is holding 11,000,000 share options, 6,000,000 share options and 3,000,000 share options respectively. Each of Consultant A, Consultant B and Consultant C is an independent third party and a new product design consultant to the Group. Consultants A and B are experienced designers with their own designer brand, while Consultant C is a fashion designer focusing on fashion apparels and accessories designer brands. The design teams of Consultants A, B and C have been advising the Group on the design and development of its new product.

## Corporate Governance and Other Information

### **Consultant D**

As at the date of this report, Consultant D is holding 11,000,000 share options. Consultant D is an independent third party and a new product design consultant to the Group. Consultant D has extensive experience in the processing of fashion accessories, from the selection of raw materials to the design and finishing of fashion accessories. The accessories manufacturing team of Consultant D has been providing assistance in controlling the product structure and style for the launch of new brands of the Group.

### **Consultant E**

As at the date of this report, Consultant E is holding 11,000,000 share options. Consultant E is an independent third party and a new retail promotion consultant to the Group. Consultant E owns accessories brands and companies and has extensive experience in the accessories industry and its business model. Consultant E possesses cooperative resources of different sales platform and has been assisting the Group on the implementation of marketing promotion and management.

### **Consultant F**

As at the date of this report, Consultant F is holding 11,000,000 share options. Consultant F is an independent third party and a production design consultant to the Group. Consultant F owns a jewellery processing factory and has extensive experience in the industry. The strong rehashing ability and productivity of the jewellery processing factory has been providing assistance in controlling the quality of the production design of the new products of the Group.

### **Consultant G**

As at the date of this report, Consultant G is holding 11,000,000 share options. Consultant G is an independent third party and a brand sales consultant to the Group. Consultant G possesses unique marketing concepts for brand promotion and product sales and is good at the commercial operation of brand product positioning, product structure layout and product marketing integration, which Consultant G has been advising the Group in market development and resources integration plan.

### **Consultant H**

As at the date of this report, Consultant H is holding 3,000,000 share options. Consultant H is an independent third party and a brand promotion consultant to the Group. Consultant H possesses extensive and professional experience in promotion of e-commerce platform and ability in marketing planning, focusing on the promotion of fashion brands. Consultant H has been providing assistance in marketing channel promotion for the brands of the Group, collaboration with KOLs for livestreaming and strategic planning and marketing strategies for the development of the brands of the Group in the PRC market.

## Corporate Governance and Other Information

### **Consultant I**

As at the date of this report, Consultant I is holding 3,000,000 share options. Consultant I is an independent third party and a planning consultant to the Group. Consultant I possesses extensive experience in the retail industry and professional skills. The resources of various well-known KOLs and bloggers held by Consultant I has enabled the Group to extend its retail business in the PRC market.

### **Consultant J**

As at the date of this report, Consultant J is holding 1,000,000 share options. Consultant J is an independent third party and a merchandising data analysis consultant to the Group. Consultant J is a data analyst focusing on e-commerce merchandising and good at enhancing businesses through data analyse. Consultant J has been providing advice to the Group on the data analyst of its e-commerce merchandising business.

As the Consultants have contributed/will contribute to the development and growth of the Group, the Board believes that granting these share options to the Consultants was align with the objective of the 2019 Share Option Scheme.

By order of the Board

**Artini Holdings Limited**

**Tse Hoi Chau**

*Chairman*

Hong Kong, 26 November 2021

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2021

		For the six months ended 30 September	
	Notes	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>Revenue</b>	3	<b>46,316</b>	44,041
Cost of sales		(35,691)	(43,070)
<b>Gross profit</b>		<b>10,625</b>	971
Other income	4	7	164
Other gains and losses, net	5	(48)	(458)
Selling and distribution expenses		(11,646)	(3,226)
Administrative expenses		(3,920)	(14,154)
Finance costs	6	(92)	(58)
<b>Loss before income tax</b>	7	<b>(5,074)</b>	(16,761)
Income tax expense	8	(356)	(1,205)
<b>Loss for the period</b>		<b>(5,430)</b>	(17,966)
<b>Other comprehensive expense for the period, net of income tax</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>1,751</b>	8,474
<b>Total comprehensive expense for the period</b>		<b>(3,679)</b>	(9,492)
<b>Loss per share</b>			
Basic and diluted (HK\$)	10	<b>(0.005)</b>	(0.016)

# Condensed Consolidated Statement of Financial Position

As at 30 September 2021

	Notes	As at 30 September 2021 (unaudited)	As at 31 March 2021 (audited)
		HK\$'000	HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>1,567</b>	1,811
Goodwill		<b>3,354</b>	2,534
Right-of-use assets		<b>2,534</b>	3,951
Intangible assets		<b>28,278</b>	28,278
		<b>35,733</b>	36,574
<b>CURRENT ASSETS</b>			
Inventories		<b>60,801</b>	59,401
Trade and other receivables	11	<b>48,572</b>	67,388
Cash and bank balances		<b>33,141</b>	18,901
		<b>142,514</b>	145,690
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	<b>8,553</b>	7,878
Contract liabilities		—	872
Lease liabilities – current portion		<b>1,313</b>	1,287
Income tax payable		<b>11,757</b>	11,308
		<b>21,623</b>	21,345
<b>NET CURRENT ASSETS</b>		<b>120,891</b>	124,345
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>156,624</b>	160,919
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities – non-current portion		<b>2,130</b>	2,746
		<b>2,130</b>	2,746
<b>NET ASSETS</b>		<b>154,494</b>	158,173
<b>CAPITAL AND RESERVES</b>			
Share capital	13	<b>55,198</b>	55,198
Reserves		<b>99,296</b>	102,975
<b>TOTAL EQUITY</b>		<b>154,494</b>	158,173

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2021

	Share capital	Share premium	Other reserves	Translation reserve	PRC statutory reserves	Share-based payment capital reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2021 (audited)	55,198	913,906	(16,415)	24,242	9,436	8,976	(837,170)	158,173
Loss for the period	-	-	-	-	-	-	(5,430)	(5,430)
Other comprehensive income	-	-	-	1,751	-	-	-	1,751
Total comprehensive expense for the period	-	-	-	1,751	-	-	(5,430)	(3,679)
Lapsed share options	-	-	-	-	-	-	-	-
Recognition of share-based payments	-	-	-	-	-	-	-	-
Capital injection by a shareholder	-	-	-	-	-	-	-	-
As at 30 September 2021 (unaudited)	55,198	913,906	(16,415)	25,993	9,436	8,976	(842,600)	154,494
As at 1 April 2020 (audited)	55,198	913,906	(19,615)	13,528	9,436	21,082	(831,631)	161,904
Loss for the period	-	-	-	-	-	-	(17,966)	(17,966)
Other comprehensive income	-	-	-	8,474	-	-	-	8,474
Total comprehensive expense for the period	-	-	-	8,474	-	-	(17,966)	(9,492)
Lapsed share options	-	-	-	-	-	(4,715)	4,715	-
Recognition of share-based payments	-	-	-	-	-	8,976	-	8,976
Capital injection by a shareholder	-	-	3,200	-	-	-	-	3,200
As at 30 September 2020 (unaudited)	55,198	913,906	(16,415)	22,002	9,436	25,343	(844,882)	164,588

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2021

	<b>For the six months ended 30 September</b>	
	2021 (unaudited)	2020 (unaudited)
	HK\$'000	HK\$'000
<b>Net cash generated from/(used in) operating activities</b>	<b>15,087</b>	(21,316)
<b>Investing activities</b>		
Other investing cash flows	(90)	(987)
<b>Net cash used in investing activities</b>	<b>(90)</b>	(987)
<b>Financing activities</b>		
Payments of lease liabilities	(641)	(794)
Other financing cash flows	(92)	(58)
Capital injection by a shareholder	–	3,200
<b>Net (used in)/cash generated from financing activities</b>	<b>(733)</b>	2,348
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>14,264</b>	(19,955)
<b>Cash and cash equivalents at beginning of the period</b>	<b>18,901</b>	49,042
<b>Effect of foreign exchange rate changes</b>	<b>(24)</b>	975
<b>Cash and cash equivalents at end of the period, represented by cash and bank balances</b>	<b>33,141</b>	30,062

# Notes to the Condensed Consolidated Financial Statements

## 1 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules on the Stock Exchange.

## 2 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and an interpretation, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months period ended 30 September 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 March 2021.

### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 39, HKFRS 4,  
HKFRS 7, HKFRS 9 and HKFRS 16

Interest Rate Benchmark Reform – Phase 2

Except as described below, the application of the amendments to HKFRSs in the current period has no material impact on the Group's performance and financial positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

# Notes to the Condensed Consolidated Financial Statements

## 2 PRINCIPAL ACCOUNTING POLICIES *(continued)*

### 2.1 Impacts of application on amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2”

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

## 3 REVENUE AND SEGMENT INFORMATION

### a. Revenue

Revenue represents the net amounts received and receivables that are derived from the sales of fashion accessories products during the six months ended 30 September 2021 and 30 September 2020.

### b. Segment information

The Group's reportable and operating segments for the six months ended 30 September 2021 and 30 September 2020, based on the information reported to the Group's chief operating decision maker for the purpose of resources allocation and assessment of performance, are as follows:

Integrated fashion accessories platform business

- (i) fashion accessories online wholesale platform, consists of wholesale of a wide selection of fashion accessories products mainly through the Group's self-operated online platform; and
- (ii) others, consists of retail and distribution of fashion accessories products through third-party retail online platforms for retail customers in the PRC and third party physical points of sale by authorised distributors and consignees in the PRC and Hong Kong, offline wholesale channels for trading of fashion accessories products to global wholesale customers and PRC wholesale customers.

# Notes to the Condensed Consolidated Financial Statements

## 3 REVENUE AND SEGMENT INFORMATION *(continued)*

### b. Segment information *(continued)*

The following is an analysis of the Group's revenue and results, assets and liabilities by reportable and operating segments:

	<b>Fashion accessories</b>	<b>online wholesale platform</b>	<b>Others</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30 September 2021 – unaudited				
<b>Revenue</b>				
Segment revenue – external sales	<b>38,313</b>		<b>8,003</b>	<b>46,316</b>
<b>Results</b>				
Segment results		<b>(1,952)</b>	<b>(1,306)</b>	<b>(3,258)</b>
Other unallocated gains and income				–
Unallocated expenses				<b>(1,816)</b>
<b>Loss before income tax</b>				<b>(5,074)</b>
<b>Segment assets</b>	<b>129,006</b>		<b>15,117</b>	<b>144,123</b>
<b>Segment liabilities</b>	<b>(8,537)</b>		<b>(5,507)</b>	<b>(14,044)</b>
Six months ended 30 September 2020 – unaudited				
<b>Revenue</b>				
Segment revenue – external sales	38,993		5,048	44,041
<b>Results</b>				
Segment results		<b>(4,420)</b>	<b>334</b>	<b>(4,086)</b>
Other unallocated gains and income				5
Unallocated expenses				<b>(12,680)</b>
<b>Loss before income tax</b>				<b>(16,761)</b>
<b>Segment assets</b>	<b>130,229</b>		<b>23,428</b>	<b>153,657</b>
<b>Segment liabilities</b>	<b>(11,006)</b>		<b>(5,081)</b>	<b>(16,087)</b>

For the purposes of monitoring segment performance and allocating resources between segments:

- Segment results represent the profit earned or loss incurred by each segment without allocation of items not related to the relevant segments.
- All assets are allocated to reportable and operating segments other than intangible assets, certain property, plant and equipment, certain other receivables and certain cash and bank balances.
- All liabilities are allocated to reportable and operating segments other than certain tax liabilities, certain other payables and obligations under finance lease.

# Notes to the Condensed Consolidated Financial Statements

## 4 OTHER INCOME

	<b>For the six months ended 30 September</b>	
	<b>2021 (unaudited)</b>	2020 (unaudited)
	<b>HK\$'000</b>	HK\$'000
Interest income	6	10
Government subsidies	–	99
Others	1	55
	<b>7</b>	<b>164</b>

## 5 OTHER GAINS AND LOSSES, NET

	<b>For the six months ended 30 September</b>	
	<b>2021 (unaudited)</b>	2020 (unaudited)
	<b>HK\$'000</b>	HK\$'000
Net exchange (losses)	(48)	(458)
	<b>(48)</b>	<b>(458)</b>

# Notes to the Condensed Consolidated Financial Statements

## 6 FINANCE COSTS

	<b>For the six months ended 30 September</b>	
	<b>2021 (unaudited) HK\$'000</b>	<b>2020 (unaudited) HK\$'000</b>
Interest on lease liabilities	<b>92</b>	58
	<b>92</b>	58

## 7 LOSS BEFORE INCOME TAX

(Loss)/profit before income tax has been arrived at after charging/(crediting):

	<b>For the six months ended 30 September</b>	
	<b>2021 (unaudited) HK\$'000</b>	<b>2020 (unaudited) HK\$'000</b>
Cost of inventories recognised as an expense	<b>35,691</b>	43,070
Provision for inventories ( <i>Note</i> )	–	4,107
Depreciation of property, plant and equipment	<b>348</b>	265
Depreciation of right-of-use assets	<b>648</b>	732
Amortisation of intangible assets	–	18

*Note:* Cost of inventories recognised as an expense includes provision for inventories of HK\$Nil (2020: HK\$4,107,000) which is included in the amount disclosed separately above.

# Notes to the Condensed Consolidated Financial Statements

## 8 INCOME TAX EXPENSE

	For the six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
<b>Hong Kong Profits tax</b>		
– Current period	<b>356</b>	(581)
– Under-provision in prior years	–	1,790
<b>Deferred tax</b>		
– Current period	–	(4)
Income tax expense	<b>356</b>	1,205

According to the Inland Revenue (Amendment) Bill 2017 which was substantively enacted after passing its Third Reading in the Legislative Council on 28 March 2018, the two-tiered profits tax regime (the “Regime”) is first effective for the year of assessment 2018/19. Profits tax rate for the first HK\$2 million of assessable profits of corporations is lowered to 8.25% with the excess assessable profits continue to be taxed at 16.5%. The Hong Kong profits tax for the six months ended 30 September 2021 and 30 September 2020 is provided based on the Regime.

Under the Law (the “EIT Law”) of the PRC on Enterprise Income Tax and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for the six months ended 30 September 2021 and 30 September 2020.

## 9 DIVIDENDS

The Board does not declare interim dividends for the six months ended 30 September 2021 (2020: Nil).

# Notes to the Condensed Consolidated Financial Statements

## 10 LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period of approximately HK\$5,430,000 (2020: HK\$17,966,000) and the weighted average of approximately 1,103,968,000 (2020: 1,103,968,000) ordinary shares of the Company in issue during the period. The basic and diluted earnings per share for the six months ended 30 September 2021 and 30 September 2020 are the same as there were no potential dilutive shares.

## 11 TRADE AND OTHER RECEIVABLES

	As at 30 September 2021 (unaudited) HK\$'000	As at 31 March 2021 (audited) HK\$'000
Aged analysis of trade receivables, presented based on invoice dates		
0 – 30 days	<b>18,152</b>	15,435
31 – 60 days	<b>4,017</b>	–
61 – 90 days	<b>2,805</b>	594
91 – 180 days	<b>429</b>	588
181 – 365 days	<b>–</b>	191
Trade and other deposit paid	<b>25,403</b>	16,808
Prepayment	<b>22,576</b>	49,512
Other receivables, net of allowances	<b>55</b>	469
	<b>538</b>	599
	<b>48,572</b>	67,388

# Notes to the Condensed Consolidated Financial Statements

## 12 TRADE AND OTHER PAYABLES

	As at 30 September 2021 (unaudited) HK\$'000	As at 31 March 2021 (audited) HK\$'000
Aged analysis of trade payables, presented based on invoice dates		
Within 3 months	393	1,501
More than 3 months less than 1 year	1,045	95
Over 1 year	175	175
Trade payables	1,613	1,771
Other tax payables	3,085	3,096
Payrolls and staff cost payable	519	487
Other payables and accruals	3,336	2,524
	<b>8,553</b>	<b>7,878</b>

## 13 SHARE CAPITAL

	As at 30 September 2021		As at 31 March 2021	
	Number of shares '000		Number of shares '000	
	Amount HK\$'000	Amount HK\$'000	Amount HK\$'000	Amount HK\$'000
Ordinary shares of par value HK\$0.05 each				
<b>Authorised:</b>				
As at beginning and end of the period/year	<b>6,000,000</b>	<b>300,000</b>	<b>6,000,000</b>	<b>300,000</b>
<b>Issued and fully paid:</b>				
As at beginning and end of the period/year	<b>1,103,968</b>	<b>55,198</b>	<b>1,103,968</b>	<b>55,198</b>

# Notes to the Condensed Consolidated Financial Statements

## 14 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

### a. Balances with related parties

Saved as disclosed in these condensed consolidated financial statements, in the opinion of the Directors, the Group did not have any other significant balances with the related parties as at the end of the reporting period.

### b. Key management personnel remuneration

During the six months ended 30 September 2021 and 30 September 2020, the Group had remuneration paid to the Directors and other members of key management of the Group as follows:

	For the six months ended 30 September	
	2021 (unaudited)	2020 (unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	420	371
Share-based payments	–	2,813
Post-employment benefits	12	8
	<b>432</b>	<b>3,192</b>

## 15 APPROVAL OF INTERIM FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved by the Board on 26 November 2021.