

Artini Holdings Limited 雅天妮集團有限公司

(Incorporated in the Bermuda with limited liability)

Stock Code : 789



2020/21
INTERIM REPORT

Contents

2	Corporate Information
4	Management Discussion and Analysis
12	Corporate Governance and Other Information
18	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
19	Condensed Consolidated Statement of Financial Position
20	Condensed Consolidated Statement of Changes in Equity
21	Condensed Consolidated Statement of Cash Flows
22	Notes to the Condensed Consolidated Financial Statements



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 (*ACIS, ACS(PE)*)

AUTHORISED REPRESENTATIVES

Mr. Tse Hoi Chau

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

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

PRINCIPAL PLACE OF BUSINESS

Unit D, 16/F

Eton Building

288 Des Voeux Road Central

Sheung Wan

Hong Kong

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited

The Hongkong and Shanghai Banking Corporation
Limited

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

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 2020 (the “Period”).

BUSINESS REVIEW

The Group mainly engaged in fashion accessories business.

Due to the change in customers’ shopping behavior in the People’s Republic of China (the “PRC”), and to minimise costs by preventing the traditional mode of operation, in recent years the Group has gradually shifted its business strategy in the fashion accessories business from operating physical retail shops to distribution via other channels such as online platforms. In late 2017, the Group commenced the wholesale of fashion accessories products through the self-operated online platform (the “Online Wholesale Platform”), and the development of its new business model of integrated fashion accessories platform business.

The integrated fashion accessories platform business is an all-rounded business model, combining online and offline sales channels, reaching out to the widest range of customers, both in the PRC and internationally, and providing comprehensive products to them. Under the new business model, fashion accessories products are manufactured by third party manufacturers, and sold through different online channels and distributed in retail points operated by the Group’s strategic partners. The Group considers that this business model benefit the most to the Group as it requires less capital commitment, less overheads and promotes better liquidity.

The Online Wholesale Platform is the major sales channel of the revitalised fashion accessories business. The Group is of the view that more and more customers would increase their reliance on placing purchase orders online as this would allow them to react more swiftly to the change of market trends as well as better control of cost as, among others, their merchandising divisions could reduce physical visits to various suppliers for viewing samples and negotiate price.



Management Discussion and Analysis

Apart from the Online Wholesale Platform, the Group conducted wholesales by traditional offline channels, including the trading of fashion accessories products with the PRC-based customers and overseas customers. Furthermore, the Group distributed its fashion accessories products through various third-party retail online platforms such as the Vipshop (唯品會), Tmall (天貓) and JD (京東), and distributorship and consignment arrangements with strategic partners to retail customers in Hong Kong and the PRC.

During the Period, the Group's fashion accessories business generated revenue of approximately HK\$44,041,000 (six months ended 30 September 2019: HK\$146,570,000), representing a drop of approximately 70.0% as a result of the global outbreak of novel coronavirus (COVID-19) epidemic (the "Epidemic").

Since the outbreak and the spread of the Epidemic globally in early 2020, many countries have implemented emergency public health measures and various actions to prevent the spread of the Epidemic, including, among others, imposing conditions and restrictions on enterprises to resume work after the Chinese New Year holidays and controlling the movement of people and goods by the PRC government, as well as the travel restrictions and 'lockdowns' imposed by other countries. The normal operations of the Group's businesses and the logistics network for the delivery of goods have been affected, sales order and sales volumes of fashion accessories products was also deferred and decreased. The Group has been maintaining close communication with its customers to adjust delivery schedules as and when appropriate and to minimise any negative economic impact on various sides.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Period amounted to approximately HK\$44,041,000 (six months ended 30 September 2019: HK\$146,570,000), representing a decrease of approximately 70.0% from that of the corresponding period of 2019. The decrease in the Group's revenue during the Period was mainly due to the global outbreak of the Epidemic in January 2020 with the decrease in the total number of customers and transactions. Details of which are as set out under the section headed "Business Review" on pages 4 and 5 of this report.

Gross profit

The Group's gross profit for the Period was approximately HK\$971,000 (six months ended 30 September 2019: HK\$38,912,000), representing a decrease of approximately 97.5%. The Group's gross profit margin for the Period was approximately 2.2%, with the exclusion of the provision for inventories of approximately HK\$4.1 million, the gross profit margin will be resulted in approximately 11.5%. The decrease in the Group's gross profit during the Period was mainly due to the impact of the Epidemic which led to (i) the decrease in revenue; (ii) the offer of extra discounts to customers; and (iii) the provision for inventories.

Selling and distribution expenses

The Group's selling and distribution expenses for the Period was approximately HK\$3,226,000 (six months ended 30 September 2019: HK\$9,546,000), representing a decrease of approximately 66.2%. The decrease in the Group's selling and distribution expenses during the Period was mainly attributable to the decrease 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, and is in line with the decrease in the Group's revenue.

Administrative expenses

The Group's administrative expenses for the Period was approximately HK\$14,154,000 (six months ended 30 September 2019: HK\$17,058,000), representing a decrease of approximately 17.0%. During the Period, the Company recognised share-based payments expenses of approximately HK\$8,976,000 as a result of the share options granted during the Period (and no such expenses were recorded in the previous period). Excluding the share-based payments, the decrease in the Group's administrative expenses was mainly attributable to the decrease in professional fees incurred during the Period.

Loss/profit for the Period

As a result of the foregoing, the Group's loss for the Period was approximately HK\$17,966,000 (six months ended 30 September 2019: a profit of HK\$8,697,000).

Management Discussion and Analysis

PROSPECTS

Following months will remain to be challenging to the Group's business due to the spread of the Epidemic on most populated continents including the United States and Europe, which the distribution channels of the Group are highly dependent on. The global outbreak of the Epidemic will decrease the overall business activities, dampened consumer sentiment and slowdown the global economy generally, adding uncertainties to the Group. The Group will adopt a pragmatic and prudent approach for its business and implement tightened cost control to cope with the volatile business environment.

Moving forward, the Group will continue its current multi-channels, multi-products strategy to satisfy different purchase habits of different customers at different locations. The Group will keep exploring and launching new types of services and provide wider variety of products to customers through third-party suppliers with input from its own design team.

The Group considers the "ARTINI" brand has accumulated a significant intrinsic value over the years. As such, the Group is rebranding "ARTINI" and will continue to perform various marketing and promotion activities through both online and offline channels. The Group believes the promotion initiatives will enhance the brand awareness which will in turn boost the development of the integrated fashion accessories platform business.

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.

Looking forward, the Group will continue to evaluate the current business strategies and explore suitable business opportunities to create and nurture new profit growth drivers which in time will bring sustainable and stable development to the Group, and in return safeguard the interest of the shareholders of the Company.

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 2020 in the amount of approximately HK\$30,062,000 (31 March 2020: HK\$49,042,000) were principally denominated in Hong Kong Dollars and Renminbi and is placed with licensed banks as current deposits. As at 30 September 2020, the Group did not have any borrowings (31 March 2020: 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 14.3% as at 30 September 2020 (31 March 2020: 22.9%).

DIVIDENDS

The Board does not declare any interim dividends for the Period (six months ended 30 September 2019: Nil).

Management Discussion and Analysis

CAPITAL STRUCTURE

On 4 August 2020, the Board proposed to implement the share consolidation on the basis that every five (5) issued and unissued shares of the Company (the "Share(s)") of HK\$0.01 each be consolidated into one (1) Share of HK\$0.05 each (the "Share Consolidation").

The Share Consolidation was approved by the shareholders of the Company at the special general meeting of the Company held on 9 September 2020. The number of issued Shares became 1,103,968,128 upon the Share Consolidation became effective on 11 September 2020 and the Shares continue to be traded in board lot size of 20,000 Shares.

Please refer to the announcements of the Company dated 4 August 2020 and 9 September 2020 respectively and the circular of the Company dated 24 August 2020 for details.

Save as disclosed herein, 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 2020 and 31 March 2020, the Group did not have any charges on its assets.

DETAILS OF 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 2020 and 31 March 2020, the Group had no significant contingent liabilities.

Management Discussion and Analysis

EMPLOYEES AND EMOLUMENTS

As at 30 September 2020, the Group had 34 employees. During the Period, the total staff cost including directors' emoluments amounted to approximately HK\$6,017,000. 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

After the global outbreak of the Epidemic in early 2020, a series of precautionary and control measures have been and continued to be implemented across China and other countries. Up to the date of this report, the Epidemic is still affecting the business and economic activity worldwide. The Group will keep continuous attention on the change of situation and make timely response and adjustments in the future but the estimate of its financial effect cannot be made as at 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 places 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 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 places 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)	Unutilised	Revised	Utilised	Unutilised	Expected
		net proceeds from Placing as at 31 March 2020 (Approximate)	use of unutilised net proceeds from Placing (Approximate)	net proceeds from Placing for the Period (Approximate)	net proceeds from Placing as at 30 September 2020 (Approximate)	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	HK\$27.8 million	-	-	-	-
Marketing and promotion for the mobile gaming applications	HK\$11.9 million	HK\$11.9 million	-	-	-	-
Development of self-operated online platform	-	-	HK\$11.9 million	HK\$2.0 million	HK\$9.9 million	By 2022
Enhancement of brand recognition and awareness	-	-	HK\$11.9 million	HK\$1.3 million	HK\$10.6 million	By 2022
General corporate purposes and working capital	-	-	HK\$15.9 million	HK\$6.4 million	HK\$9.5 million	By 2022

The unutilised net proceeds from Placing as at 30 September 2020 were deposited with Hong Kong licensed banks.

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 remaining unutilised net proceeds from Placing would tentatively be set aside and deposited with Hong Kong licensed banks until the emergence of other business development opportunities.

The Directors will constantly evaluate the Group's business objectives and the changing market condition to bring sustainable development to the Group. In the event that the Directors consider it necessary to further change the use of net proceeds from the Placing, the Company will make an appropriate announcement in accordance with the relevant provisions of the Listing Rules.

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.



Management Discussion and Analysis

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.

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.

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 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 2020, 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:

Long positions in the Shares

Names of Directors	Number of issued ordinary Shares held			Interest in underlying Shares pursuant to share options (Note 1)		Total	Approximate percentage of the issued Shares as at 30 September 2020
	Beneficial Owner	Interest of family	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:

- 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.
- These 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.
- 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.
- 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 2020, 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 2020
Walifax Investments Limited (<i>Note 1</i>)	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 2020, 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. Details of shares options movements during the Period under the 2008 Share Option Scheme are as follows:

Name of the grantees	Date of grant	Number of share options					Outstanding upon the Share Consolidation became effective (Note 5)	Outstanding as at 30 September 2020	Validity period of the share options	Adjusted exercise price (HK\$) (Note 5)
		Outstanding as at 1 April 2020	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period				
Directors										
Mr. Tse Hoi Chau	9 July 2015	20,000,000	-	-	(20,000,000)	-	-	-	9 July 2015 – 8 July 2020	- (Note 1)
Mr. Lin Shao Hua	9 July 2015	20,000,000	-	-	(20,000,000)	-	-	-	9 July 2015 – 8 July 2020	- (Note 1 and 3)
Other Participants										
In aggregate	9 July 2015	20,200,000	-	-	(20,200,000)	-	-	-	9 July 2015 – 8 July 2020	- (Note 1)
	27 November 2015	224,200,000	-	-	-	-	44,840,000	44,840,000	27 November 2015 – 26 November 2020	0.744 (Note 2)
		284,400,000	-	-	(60,200,000)	-	44,840,000	44,840,000		

Notes:

- (1) A maximum of 50% of the total number of share options granted to the grantees may be exercisable immediately after the date of grant. The remaining 50% of the total number of share options granted to the grantees may be exercisable after 8 July 2016.
- (2) A maximum of 50% of the total number of the share options granted to the grantees may be exercisable immediately after the date of grant, and the remaining 50% of the total number of the share options granted to the grantees may be exercisable after 26 November 2016.
- (3) Mr. Lin Shao Hua has resigned as an executive Director with effect from 3 August 2020.
- (4) Upon acceptance of the share options, the grantee shall pay HK\$1.00 to the Company as consideration for the grant. The Company has received such consideration from the respective grantees.
- (5) Adjustments were made to the exercise price and the number of Shares entitled to be issued upon full exercise of the share options as a result of the Share Consolidation became effective on 11 September 2020. The exercise price per Share was adjusted from HK\$0.1488 to HK\$0.744.

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					Outstanding upon the Share Consolidation became effective (Note 1)	Outstanding as at 30 September 2020	Validity period of the share options	Adjusted exercise price (HK\$) (Note 1)
		Outstanding as at 1 April 2020	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period				
Directors										
Mr. Tse Hoi Chau	15 July 2020	-	55,000,000	-	-	-	11,000,000	11,000,000	15 July 2020 – 14 July 2023	0.197 (Note 3)
Ms. Yu Zhonglian	15 July 2020	-	55,000,000	-	-	-	11,000,000	11,000,000	15 July 2020 – 14 July 2023	0.197 (Note 3)
Mr. Tse Kin Lung	15 July 2020	-	55,000,000	-	-	-	11,000,000	11,000,000	15 July 2020 – 14 July 2023	0.197 (Note 3)
Other Participants										
Employees	15 July 2020	-	31,000,000	-	-	-	6,200,000	6,200,000	15 July 2020 – 14 July 2023	0.197 (Note 3)
Consultants	15 July 2020	-	355,000,000	-	-	-	71,000,000	71,000,000	15 July 2020 – 14 July 2023	0.197 (Note 3)
		-	551,000,000	-	-	-	110,200,000	110,200,000		

Notes:

- Adjustments were made to the exercise price and the number of Shares entitled to be issued upon full exercise of the share options as a result of the Share Consolidation became effective on 11 September 2020. The exercise price of the share options was adjusted from HK\$0.0394 per Share to HK\$0.197 per Share.
- Upon acceptance of the share options, the grantee shall pay HK\$1.00 to the Company as consideration for the grant. The Company has received such consideration from the respective grantees.
- The closing price of the Shares immediately before the date on which the share options were granted was HK\$0.036.

Corporate Governance and Other Information

The fair values of the share options granted during the Period was measured based on the binomial option pricing model. The measurement date used in the valuation calculations were the date on which the share options were granted. The inputs into the model were as follows:

Fair value per share option at measurement date	
– Directors	HK\$2,813,000
– Employees	HK\$495,000
– Consultants	HK\$5,668,000
Exercise price	HK\$0.197 (HK\$0.0394 before the Share Consolidation became effective on 11 September 2020)
Expected price volatility	70.4%
Expected option period	3 years
Risk-free rate (based on Hong Kong Exchange Fund Notes)	0.094%
Expected dividend yield	0%
Fair value	HK\$8,976,000

The expected volatility was based on the historical volatility of the share price of the Company and its comparable companies. The expected life used in the model was adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The option pricing model requires the input of highly subjective assumptions, including the volatility of share price. Changes in the subjective input assumptions could materially affect the fair value estimate.

By order of the Board

Artini Holdings Limited

Tse Hoi Chau

Chairman

Hong Kong, 26 November 2020

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2020

	Notes	For the six months ended 30 September	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue	3	44,041	146,570
Cost of sales		(43,070)	(107,658)
Gross profit		971	38,912
Other income	4	164	172
Other gains and losses, net	5	(458)	698
Selling and distribution expenses		(3,226)	(9,546)
Administrative expenses		(14,154)	(17,058)
Finance costs	6	(58)	(45)
(Loss)/profit before income tax	7	(16,761)	13,133
Income tax expense	8	(1,205)	(4,436)
(Loss)/profit for the period		(17,966)	8,697
Other comprehensive income/(expense) for the period, net of income tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		8,474	(7,289)
Total comprehensive (expense)/income for the period		(9,492)	1,408
(Loss)/earnings per share			
Basic and diluted (HK\$)	10	(0.016)	0.008

Condensed Consolidated Statement of Financial Position

As at 30 September 2020

		As at 30 September 2020 (unaudited) HK\$'000	As at 31 March 2020 (audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		1,554	816
Goodwill		2,534	2,534
Right-of-use assets		4,685	741
Intangible assets		31,003	31,021
		39,776	35,112
CURRENT ASSETS			
Inventories		41,266	64,345
Trade and other receivables	11	77,094	50,473
Cash and bank balances		30,062	49,042
		148,422	163,860
CURRENT LIABILITIES			
Trade and other payables	12	8,084	7,880
Contract liabilities		704	9,164
Lease liabilities – current portion		1,454	865
Income tax payable		10,109	19,154
		20,351	37,063
NET CURRENT ASSETS		128,071	126,797
TOTAL ASSETS LESS CURRENT LIABILITIES		167,847	161,909
NON-CURRENT LIABILITIES			
Lease liabilities – non-current portion		3,258	–
Deferred tax liabilities		1	5
		3,259	5
NET ASSETS		164,588	161,904
CAPITAL AND RESERVES			
Share capital	13	55,198	55,198
Reserves		109,390	106,706
TOTAL EQUITY		164,588	161,904

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2020

	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 2020 (audited)	55,198	913,906	(19,615)	13,528	9,436	21,082	(831,631)	161,904
Loss for the period	-	-	-	-	-	-	(17,966)	(14,766)
Other comprehensive income	-	-	-	8,474	-	-	-	8,474
Total comprehensive expense for the period	-	-	-	8,474	-	-	(17,966)	(6,292)
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
As at 1 April 2019 (audited)	55,198	913,906	(19,615)	21,105	9,436	22,257	(843,787)	158,500
Profit for the period	-	-	-	-	-	-	8,697	8,697
Other comprehensive expense	-	-	-	(7,289)	-	-	-	(7,289)
Total comprehensive income for the period	-	-	-	(7,289)	-	-	8,697	1,408
As at 30 September 2019 (unaudited)	55,198	913,906	(19,615)	13,816	9,436	22,257	(835,090)	159,908

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

	For the six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Net cash used in operating activities	(21,316)	(15,786)
Investing activities		
Other investing cash flows	(987)	(1)
Net cash used in investing activities	(987)	(1)
Financing activities		
Payments of lease liabilities	(794)	(636)
Other financing cash flows	(58)	(46)
Capital injection by a shareholder	3,200	–
Net cash generated from/(used in) financing activities	2,348	(682)
Net decrease in cash and cash equivalents	(19,955)	(16,469)
Cash and cash equivalents at beginning of the period	49,042	88,328
Effect of foreign exchange rate changes	975	(1,047)
Cash and cash equivalents at end of the period, represented by cash and bank balances	30,062	70,812

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.

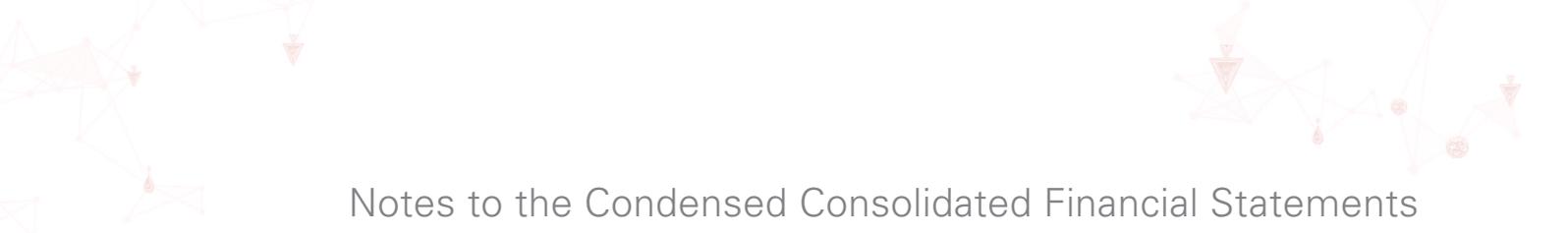
2 PRINCIPAL ACCOUNTING POLICIES

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020.

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 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material
Conceptual Framework for Financial Reporting 2018	Conceptual Framework for Financial Reporting (Revised)

The adoption of these amendments to HKFRSs does not have any material impact on the presentation and disclosure of the Group’s interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.



Notes to the Condensed Consolidated Financial Statements

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 2020 and 30 September 2019.

b. Segment information

The Group's reportable and operating segments for the six months ended 30 September 2020 and 30 September 2019, 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:

	Fashion accessories online wholesale platform HK\$'000	Others HK\$'000	Total HK\$'000
Six months ended 30 September 2020 – unaudited			
Revenue			
Segment revenue – external sales	38,993	5,048	44,041
Results			
Segment results	(4,420)	334	(4,086)
Other unallocated gains and income			5
Unallocated expenses			(12,680)
Loss before income tax			(16,761)
Segment assets	130,229	23,428	153,657
Segment liabilities	(11,006)	(5,081)	(16,087)
Six months ended 30 September 2019 – unaudited			
Revenue			
Segment revenue – external sales	132,027	14,543	146,570
Results			
Segment results	19,259	2,119	21,378
Other unallocated gains and income			16
Unallocated expenses			(8,261)
Profit before income tax			13,133
Segment assets	129,055	25,462	154,517
Segment liabilities	(29,880)	(9,879)	(39,759)

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

	For the six months ended 30 September	
	2020	2019
	(unaudited) HK\$'000	(unaudited) HK\$'000
Interest income	10	36
Government subsidies	99	–
Others	55	136
	164	172

5 OTHER GAINS AND LOSSES, NET

	For the six months ended 30 September	
	2020	2019
	(unaudited) HK\$'000	(unaudited) HK\$'000
Net exchange (losses) gain	(458)	698
	(458)	698

Notes to the Condensed Consolidated Financial Statements

6 FINANCE COSTS

	For the six months ended 30 September	
	2020	2019
	(unaudited) HK\$'000	(unaudited) HK\$'000
Interest on lease liabilities	58	45
	58	45

7 (LOSS)/PROFIT BEFORE INCOME TAX

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

	For the six months ended 30 September	
	2020	2019
	(unaudited) HK\$'000	(unaudited) HK\$'000
Cost of inventories recognised as an expense	43,070	107,658
Provision for inventories (<i>Note</i>)	4,107	–
Depreciation of property, plant and equipment	265	264
Depreciation of right-of-use assets	732	538
Amortisation of intangible assets	18	18

Note: Cost of inventories recognised as an expense includes provision for inventories of HK\$4,107,000 (2019: Nil) 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	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Hong Kong Profits tax		
– Current period	(581)	4,440
– Under-provision in prior years	1,790	–
Deferred tax		
– Current period	(4)	(4)
Income tax expense	1,205	4,436

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 2020 and 30 September 2019 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 2020 and 30 September 2019.

9 DIVIDENDS

The Board does not declare interim dividends for the six months ended 30 September 2020 (2019: Nil).

Notes to the Condensed Consolidated Financial Statements

10 (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss for the period of approximately HK\$17,966,000 (2019: a profit of HK\$8,697,000) and the weighted average number of ordinary shares of approximately 1,103,968,000 (2019: Adjusted 1,103,968,000) in issue during the period, as adjusted to reflect the effect of the Share Consolidation. Comparative figures have also been adjusted on the assumption that the Share Consolidation had been effective in the prior period.

Diluted loss/earnings per share equals to basic loss/earnings per share, as there were no potential dilutive ordinary shares in issue for the six months ended 30 September 2020 and 30 September 2019.

11 TRADE AND OTHER RECEIVABLES

	As at 30 September 2020 (unaudited) HK\$'000	As at 31 March 2020 (audited) HK\$'000
Aged analysis of trade receivables, presented based on invoice dates		
0 – 30 days	1,171	2,662
31 – 60 days	457	198
61 – 90 days	348	200
91 – 180 days	210	577
181 – 365 days	193	12
Over 365 days	5	–
	2,384	3,649
Trade and other deposit paid	69,784	43,613
Prepayment	4,160	2,859
Other receivables, net of allowances	766	352
	77,094	50,473

Notes to the Condensed Consolidated Financial Statements

12 TRADE AND OTHER PAYABLES

	As at 30 September 2020 (unaudited) HK\$'000	As at 31 March 2020 (audited) HK\$'000
Aged analysis of trade payables, presented based on invoice dates		
Within 3 months	2,817	1,921
More than 3 months less than 1 year	7	223
Over 1 year	175	175
Trade payables	2,999	2,319
Other tax payables	3,141	3,174
Payrolls and staff cost payable	434	788
Other payables and accruals	1,510	1,599
	8,084	7,880

13 SHARE CAPITAL

	Number of ordinary shares		Amount
	HK\$0.05 each	HK\$0.01 each	HK\$'000
Authorised:			
As at 31 March 2020 and 1 April 2020	–	30,000,000	300,000
Share consolidation	6,000,000	(30,000,000)	–
As at 30 September 2020	6,000,000	–	300,000

	Note	Number of ordinary shares		Amount
		HK\$0.05 each	HK\$0.01 each	HK\$'000
Issued and fully paid:				
As at 31 March 2020 and 1 April 2020		–	5,519,841	55,198
Share consolidation	(a)	1,103,968	(5,519,841)	–
As at 30 September 2020		1,103,968	–	55,198

Note:

- (a) On 11 September 2020, the Company completed the consolidation of shares in the issued shares of the Company whereby every five issued and unissued ordinary shares of HK\$0.01 each are consolidated into one consolidated ordinary share of HK\$0.05 each (the "Share Consolidation").

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 2020 and 30 September 2019, 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	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	371	951
Share-based payments	2,813	–
Post-employment benefits	8	18
	3,192	969

15 APPROVAL OF INTERIM FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved by the Board on 26 November 2020.