

Artini Holdings Limited 雅天妮集團有限公司

(Incorporated in the Bermuda with limited liability)

Stock Code : 789

2019/20 INTERIM REPORT



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Tse Hoi Chau (*Chairman*)
Mr. Lin Shao Hua
Ms. Yu Zhong Lian
Mr. Tse Kin Lung (*Chief Executive*)

Independent Non-executive Directors

Mr. Lau Fai Lawrence
Mr. Lau Yiu Kit
Mr. Zeng Zhaohui

AUDIT COMMITTEE

Mr. Lau Fai Lawrence (*Chairman*)
Mr. Lau Yiu Kit
Mr. Zeng Zhaohui

REMUNERATION COMMITTEE

Mr. Zeng Zhaohui (*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. Zeng Zhaohui

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”) (formerly known as “Primeview Holdings Limited”) 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 2019 (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 incurring of fixed costs in operating brick and mortar shops, 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. Since September 2016, the Group closed down all its retailing points.

Although the Group’s concurrent design manufacturing (“CDM”) business and retail and distribution business had gradually diminished operations, as being one of the pioneers and having long standing reputation in the industry, the management of the Group remains confident about the fashion accessories industry and believes that a shift of its mode of selling fashion accessories products in response to the modern shopping patterns is the key to the revitalisation of the fashion accessories business. In October 2017, the Group acquired the entire equity interests in Viennois Online Limited and 廣州唯亞智能科技有限公司 (Guangzhou Wei Ya Smart Technology Limited*) (collectively “Online Platform Group”). Online Platform Group is principally engaged in the business of operating online platforms providing fashion jewellery products listing services to business customers all over the world. Subsequent to this acquisition, 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, which were the major reasons for the unsatisfactory performance of the Group’s traditional fashion accessories business recorded in the past.

* for identification purpose only

BUSINESS REVIEW *(continued)*

The Online Wholesale Platform, being the major sales channel of the revitalised fashion accessories business, generated revenue and operating profit of approximately HK\$132,027,000 and HK\$19,259,000, respectively during the Period. The Group considers the strategic change in sales methodology was the key to the significant improvement in financial performance of the fashion accessories business as compared with the historical performance under the previous CDM and retail businesses models. 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.

Apart from the Online Wholesale Platform, the Group also conducted wholesales by traditional offline channels, including the trading of fashion accessories products with the PRC-based customers and overseas customers. Furthermore, the Group reintroduced the retail business through various retail and distribution channels including 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, revenue and operating profit of approximately HK\$14,543,000 and HK\$2,119,000, respectively were generated from all these remaining sales channels.

FINANCIAL REVIEW

The Group's revenue for the Period was approximately HK\$146,570,000 (six months ended 30 September 2018: HK\$117,485,000), representing an increase of approximately 24.8% as compared with the corresponding period of 2018. The increase in the Group's revenue during the Period was mainly attributable to the increase in revenue from the Online Wholesale Platform of approximately HK\$33,548,000 with the increment in the total number of customers and transactions.

The Group's cost of sales for the Period was approximately HK\$107,658,000 (six months ended 30 September 2018: HK\$86,014,000), representing an increase of approximately 25.2% as compared with the corresponding period of 2018. The increase in the Group's cost of sales is in line with the increase in the Group's revenue.

The Group's net gain on disposal of subsidiaries for the six months ended 30 September 2018 of approximately HK\$7,577,000 represented a gain on disposal of 100% equity interest in Huan Hai Limited ("HHL") of approximately HK\$8,500,000, net off against a loss on disposal of 100% equity interest in Ho Easy Limited of approximately HK\$923,000. For details, please refer to note 14 to the condensed consolidated financial statements. No such gain for the Period as the Group had no disposals of subsidiaries during the Period.

Management Discussion and Analysis

FINANCIAL REVIEW *(continued)*

The Group's selling and distribution expenses for the Period was approximately HK\$9,546,000 (six months ended 30 September 2018: HK\$8,823,000), representing an increase of approximately 8.2% as compared with the corresponding period of 2018. 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 incurred for the Online Wholesale Platform in the Period, which is in line with the increase in the Group's revenue.

The Group's administrative expenses for the Period was approximately HK\$17,058,000 (six months ended 30 September 2018: HK\$14,804,000), representing an increase of approximately 15.2% as compared with the corresponding period of 2018. The increase in the Group's administrative expenses during the Period was mainly attributable to the increase in the professional fees incurred in relation to the resumption of trading of its shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

As a result of the foregoing, the Group's profit for the Period was approximately HK\$8,697,000 (six months ended 30 September 2018: HK\$13,700,000).

PROSPECTS

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 plans to expand its retail and distribution networks, including third-party online platforms and physical point of sales via distributorship and consignment, to gain further market share and diversify its income source from retail customers. The Group will also 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 and is a valuable asset of the Group. 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 particular, the retail and distribution channels.

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.

In the coming year, fashion accessories business will remain as the focus of the Group's development plan and 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 2019 in the amount of approximately HK\$70,812,000 (31 March 2019: HK\$88,328,000) were principally denominated in Hong Kong Dollars and Renminbi and is placed with licensed banks as current deposits. As at 30 September 2019, the Group did not have any borrowings (31 March 2019: 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 34.1% as at 30 September 2019 (31 March 2019: 31.2%).

DIVIDENDS

The Board does not declare any interim dividends for the Period (six months ended 30 September 2018: Nil).

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 2019 and 31 March 2019, 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 2019 and 31 March 2019, the Group had no significant contingent liabilities.

Management Discussion and Analysis

EMPLOYEES AND EMOLUMENTS

As at 30 September 2019, the Group had 58 employees. During the Period, the total staff cost including directors' emoluments amounted to approximately HK\$5,338,000. 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.

EVENT AFTER THE PERIOD

No significant events took place subsequent to 30 September 2019.

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 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)	Unutilised net proceeds from Placing as at 31 March 2019 (Approximate)	Utilised net proceeds from Placing for the Period (Approximate)	Unutilised net proceeds from Placing as at 30 September 2019 (Approximate)
		HK\$27.8 million	HK\$27.8 million	– HK\$27.8 million
Development of software applications and/or mobile gaming applications, and/or acquire related technological company(ies)	HK\$27.8 million	HK\$27.8 million	–	HK\$27.8 million
Marketing and promotion for the mobile gaming applications	HK\$11.9 million	HK\$11.9 million	–	HK\$11.9 million

The unutilised net proceeds from Placing as at 30 September 2019 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.

FULFILLMENT OF RESUMPTION CONDITIONS AND RESUMPTION OF TRADING

Since all the resumption conditions imposed by the Stock Exchange on the Company have been fulfilled, the Company made an application to the Stock Exchange for the resumption of trading in its shares on the Stock Exchange and trading was resumed with effect from 9:00 a.m. on 5 July 2019.

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, except for the following deviation:

Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. From 21 June 2013 onwards, the roles of chairman and chief executive of the Company (the “Chief Executive”) were performed by Mr. Tse Hoi Chau.

The Board considers that vesting the roles of chairman of the Board and Chief Executive in the same individual is beneficial to the business prospects and management of the Company. In addition, under the supervision by the Board which consists of three independent non-executive Directors, the interests of the shareholders of the Company will be adequately and fairly represented.

The Company has re-complied with code provision A.2.1 of the CG Code when Mr. Tse Hoi Chau stepped down as the Chief Executive and Mr. Tse Kin Lung was appointed as the Chief Executive on 8 August 2019.

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. Zeng Zhaohui, 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.

UPDATE ON DIRECTOR’S INFORMATION

Pursuant to 13.51(B)(1) of the Listing Rules, changes in the information of the Directors since the date of the last annual report is set out below:

Mr. Tse Hoi Chau has resigned as the chief executive of the Company with effect from 8 August 2019.

Mr. Tse Kin Lung was appointed as the chief executive of the Company with effect from 8 August 2019. He was further appointed as an executive Director with effect from 27 August 2019. He was also appointed as a director of Artini International Company Limited, Artist Empire Jewellery Mfy. Limited, Artini Sales Company Limited, China Regent Investments Limited, Gentleman Investments Limited, Gain Trade Enterprise Limited, Magic B2B Limited and Primeview Technology Limited, each a subsidiary of the Company, on 8 October 2019, respectively.

Mr. Lau Fai Lawrence has resigned as an independent non-executive director of Winto Group (Holdings) Limited (Stock code: 8238) on 6 November 2019.

CHANGE OF COMPANY NAME

Subsequent to the passing of the special resolution approving the change of company name by the shareholders of the Company at the AGM held on 26 August 2019 and the Certificate of Incorporation on Change of Name and the Certificate of Secondary Name were issued by the Registrar of Companies in Bermuda on 28 August 2019, the Board is pleased to announce that the English name of the Company has been changed from “Primeview Holdings Limited” to “Artini Holdings Limited” and “雅天妮集團有限公司” has been adopted as the secondary name of the Company to replace “領視控股有限公司”. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 20 September 2019 confirming the registration of the new name of the Company in Hong Kong. The stock short name of the Company has been changed from “PRIMEVIEW HLDG” in English and “領視控股” in Chinese to “ARTINI HLDG” in English and “雅天妮集團” in Chinese, for trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 27 September 2019. The stock code of the Company on the Stock Exchange remain unchanged as “789”. The website of the Company was changed from “www.primeview.com.hk” to “www.artini.com.hk” with effect from 24 September 2019. Details of the change of name of the Company were set out in the circular of the Company dated 24 July 2019 and the announcements of the Company dated 23 July 2019 and 24 September 2019, respectively.

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 2019, 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 shares of the Company

Name of Directors	Company in which interests are disclosed	Capacity	Number of issued ordinary shares held	Number of shares subject to options granted	Percentage of the issued share capital as at 30 September 2019
Tse Hoi Chau	The Company	Corporate interest	3,525,267,988 <i>(Note 1)</i>	–	63.87%
		Beneficial interest	14,824,000	20,000,000 <i>(Note 2)</i>	0.63%
Lin Shao Hua	The Company	Beneficial interest	–	20,000,000 <i>(Note 2)</i>	0.36%

Notes:

1. These shares are held by Walifax Investments Limited which is wholly and beneficially owned by Mr. Tse Hoi Chau.
2. These options were granted by the Company on 9 July 2015 under the share option scheme (the “2008 Share Option Scheme”) adopted by the Company on 23 April 2008.

Save as disclosed above, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) 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.

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 2019, 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:

Corporate Governance and Other Information

Long positions in shares of the Company

Name of shareholders	Capacity	Nature of issued ordinary shares/ underlying shares held	Percentage of the issued share capital as at 30 September 2019
Walifax Investments Limited (Note 1)	Beneficial interest	3,525,267,988	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 2019, 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.

SHARE OPTION SCHEME

The Company adopted the 2008 Share Option Scheme on 23 April 2008. 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 category	Date of grant share options	Outstanding as at 01.04.2019	Number of share options				Outstanding at 30.09.2019	Validity period of share options	Exercise price (HK\$)
			Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period			
Directors									
Tse Hoi Chau	09.07.2015	20,000,000	-	-	-	-	20,000,000	09.07.2015-08.07.2020	(Note 1) 0.1470
Lin Shao Hua	09.07.2015	20,000,000	-	-	-	-	20,000,000	09.07.2015-08.07.2020	(Note 1) 0.1470
Leung Yiu Cho	09.07.2015	1,000,000	-	-	-	(1,000,000)	-	09.07.2015-08.07.2020	(Note 3) 0.1470
	27.11.2015	15,000,000	-	-	-	(15,000,000)	-	27.11.2015-26.11.2020	(Note 3) 0.1488
Other participants									
In aggregate	09.07.2015	20,200,000	-	-	-	-	20,200,000	09.07.2015-08.07.2020	(Note 1) 0.1470
	27.11.2015	224,200,000	-	-	-	-	224,200,000	27.11.2015-26.11.2020	(Note 2) 0.1488
		300,400,000	-	-	-	(16,000,000)	284,400,000		

Corporate Governance and Other Information

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. Leung Yiu Cho has resigned as an executive Director with effect from 4 September 2019. His share option was lapsed on the same day.
- (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.

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. No share option has been granted, exercised, lapsed or cancelled under the 2019 Share Option Scheme up to the date of this report.

By order of the Board

Artini Holdings Limited

Tse Hoi Chau

Chairman

Hong Kong, 25 November 2019

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2019

	Notes	For the six months ended 30 September	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Revenue	3	146,570	117,485
Cost of sales		(107,658)	(86,014)
Gross profit		38,912	31,471
Other income	4	172	33
Other gains and losses, net	5	698	1,994
Net gain on disposal of subsidiaries	14	–	7,577
Selling and distribution expenses		(9,546)	(8,823)
Administrative expenses		(17,058)	(14,804)
Finance costs	6	(45)	(5)
Profit before income tax	7	13,133	17,443
Income tax expense	8	(4,436)	(3,743)
Profit for the period		8,697	13,700
Other comprehensive 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		(7,289)	(8,188)
Total comprehensive income for the period		1,408	5,512
Earnings per share			
Basic and diluted (HK\$)	10	0.002	0.002

Condensed Consolidated Statement of Financial Position

As at 30 September 2019

		As at 30 September 2019 (unaudited) HK\$'000	As at 31 March 2019 (audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		1,065	1,315
Goodwill		2,534	2,534
Right-of-use assets		1,270	–
Intangible assets		31,039	31,058
		35,908	34,907
CURRENT ASSETS			
Inventories		45,433	37,492
Trade and other receivables	11	62,049	46,986
Amount due from a director		258	273
Cash and bank balances		70,812	88,328
		178,552	173,079
CURRENT LIABILITIES			
Trade and other payables	12	29,967	29,954
Contract liabilities		546	503
Lease liabilities		1,460	–
Income tax payable		22,569	18,970
Obligations under finance lease – current portion		–	45
		54,542	49,472
NET CURRENT ASSETS		124,010	123,607
TOTAL ASSETS LESS CURRENT LIABILITIES		159,918	158,514
NON-CURRENT LIABILITIES			
Deferred tax liabilities		10	14
		10	14
NET ASSETS		159,908	158,500
CAPITAL AND RESERVES			
Share capital	13	55,198	55,198
Reserves		104,710	103,302
TOTAL EQUITY		159,908	158,500

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2019

	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 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
As at 1 April 2018 (audited)	55,198	913,906	(19,518)	25,828	9,436	35,993	(888,663)	132,180
Profit for the period	-	-	-	-	-	-	13,700	13,700
Other comprehensive expense	-	-	-	(8,188)	-	-	-	(8,188)
Total comprehensive income for the period	-	-	-	(8,188)	-	-	13,700	5,512
Disposal of subsidiaries	-	-	(97)	-	-	-	97	-
As at 30 September 2018 (unaudited)	55,198	913,906	(19,615)	17,640	9,436	35,993	(874,866)	137,692

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2019

	For the six months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Net cash (used in)/generated from operating activities	(15,786)	23,868
Investing activities		
Proceeds from disposal of subsidiaries, net of cash disposed	–	8,538
Other investing cash flows	(1)	17
Net cash (used in)/generated from investing activities	(1)	8,555
Financing activities		
Payments of lease liabilities	(636)	–
Other financing cash flows	(46)	(91)
Net cash used in financing activities	(682)	(91)
Net (decrease)/increase in cash and cash equivalents	(16,469)	32,332
Cash and cash equivalents at beginning of the period	88,328	45,033
Effect of foreign exchange rate changes	(1,047)	(829)
Cash and cash equivalents at end of the period, represented by cash and bank balances	70,812	76,536

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 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2019.

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 April 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features and Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

The impact of the adoption of HKFRS 16 “Leases” have been summarised in below. The other new or amended HKFRSs that are effective from 1 April 2019 did not have any significant impact on the Group’s accounting policies.

HKFRS 16 “Leases”

The Group has adopted HKFRS 16 “Leases” on 1 April 2019 which resulted in changes in accounting policies. HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 supersede HKAS 17 “Leases” and the related interpretations when it becomes effective.

The Group has lease contracts for various items of office premises under non-cancellable lease agreements expiring within 3 years. HKFRS 16 primarily affects the Group’s as a lessee of leases. The application of the new accounting model leads to an increase in both assets and liabilities and to impact on the timing and classification of the expense recognition in the consolidated statement of profit or loss and other comprehensive income over the period of the lease.

Notes to the Condensed Consolidated Financial Statements

2 PRINCIPAL ACCOUNTING POLICIES *(continued)*

HKFRS 16 "Leases" *(continued)*

The Group has applied the simplified transition approach in accordance with the transitional provision under HKFRS 16, all right-of-use assets were measured at the amount of the lease liabilities on adoption (adjusted for any prepaid or accrued lease expenses) and comparative figures have not been restated.

In addition, the Group elects the practical expedient in order not to apply the new accounting model to short-term leases and leases of low-value assets, not to conduct comprehensive review on existing leases, to apply HKFRS 16 only to new contracts and to exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application. The Group uses the practical expedient to account for leases for which the lease term ends, within 12 months from the date of initial application as short-term leases.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate as at 1 April 2019.

Impact on the consolidated statement of financial position as at 1 April 2019:

	At 31 March 2019 under HKAS 17 HK\$'000	Effect of adoption of HKFRS 16 (Increase/ (decrease)) HK\$'000	At 1 April 2019 under HKFRS 16 HK\$'000
Right-of-use assets	–	1,886	1,886
Lease liabilities	–	2,144	2,144
Accrued lease expenses (Included in trade and other payables)	258	(258)	–

Note: As at 1 April 2019, right-of-use assets were measured at an amount of approximately HK\$1,886,000 and lease liabilities were measured at an amount of approximately HK\$2,144,000. The adoption of HKFRS 16 has had no impact on the retained earnings of the Group.

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 2019 and 30 September 2018.

b. Segment information

The Group's reportable and operating segments for the six months ended 30 September 2019 and 30 September 2018, 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 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)
Six months ended 30 September 2018 – unaudited			
Revenue			
Segment revenue – external sales	98,479	19,006	117,485
Results			
Segment results	17,355	2,421	19,776
Net gain on disposal of subsidiaries			7,577
Other unallocated gains and income			115
Unallocated expenses			(10,025)
Profit before income tax			17,443
Segment assets	90,084	39,481	129,565
Segment liabilities	(24,483)	(5,173)	(29,656)

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	
	2019	2018
	(unaudited) HK\$'000	(unaudited) HK\$'000
Interest income	36	17
Others	136	16
	172	33

5 OTHER GAINS AND LOSSES, NET

	For the six months ended 30 September	
	2019	2018
	(unaudited) HK\$'000	(unaudited) HK\$'000
Net exchange gain	698	1,884
Net gain on disposal of property, plant and equipment	–	110
	698	1,994

6 FINANCE COSTS

	For the six months ended 30 September	
	2019	2018
	(unaudited) HK\$'000	(unaudited) HK\$'000
Interest on obligations under finance lease	–	5
Interest on lease liabilities	45	–
	45	5

Notes to the Condensed Consolidated Financial Statements

7 PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	For the six months ended 30 September	
	2019	2018
	(unaudited) HK\$'000	(unaudited) HK\$'000
Cost of inventories recognised as an expense	107,658	86,014
Depreciation of property, plant and equipment	264	278
Depreciation of right-of-use assets	538	–
Amortisation of intangible assets	18	18

8 INCOME TAX EXPENSE

	For the six months ended 30 September	
	2019	2018
	(unaudited) HK\$'000	(unaudited) HK\$'000
Hong Kong Profits tax		
– Current period	4,440	3,747
Deferred tax		
– Current period	(4)	(4)
Income tax expense	4,436	3,743

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 September 2018. 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 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 2019 and 30 September 2018.

Notes to the Condensed Consolidated Financial Statements

9 DIVIDENDS

The Board does not declare interim dividends for the six months ended 30 September 2019 (2018: Nil).

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period of approximately HK\$8,697,000 (2018: HK\$13,700,000) and the weighted average of approximately 5,519,840,000 (2018: 5,519,840,000) ordinary shares of the Company in issue during the period.

The basic and diluted earnings per share for the six months ended 30 September 2019 and 30 September 2018 are the same as there were no potential dilutive shares.

11 TRADE AND OTHER RECEIVABLES

	As at 30 September 2019 (unaudited) HK\$'000	As at 31 March 2019 (audited) HK\$'000
Aged analysis of trade receivables, presented based on invoice dates		
0 – 30 days	1,949	9,187
31 – 60 days	583	1,019
61 – 90 days	–	13
91 – 180 days	214	80
181 – 365 days	–	6
	2,746	10,305
Trade deposit paid	58,546	36,197
Other receivables, deposits and prepayments	757	484
	62,049	46,986

Notes to the Condensed Consolidated Financial Statements

12 TRADE AND OTHER PAYABLES

	As at 30 September 2019 (unaudited) HK\$'000	As at 31 March 2019 (audited) HK\$'000
Aged analysis of trade payables, presented based on invoice dates		
Within 3 months	10,317	14,028
More than 3 months less than 1 year	5,029	5,275
Over 1 year	175	266
	15,521	19,569
Value-added tax and other tax payables	3,092	3,277
Other payables and accrued charges	11,354	7,108
	29,967	29,954

13 SHARE CAPITAL

	As at 30 September 2019		As at 31 March 2019	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Ordinary shares of par value HK\$0.01 each				
Authorised:				
As at beginning and end of the period/year	30,000,000	300,000	30,000,000	300,000
Issued and fully paid:				
As at beginning and end of the period/year	5,519,840	55,198	5,519,840	55,198

Notes to the Condensed Consolidated Financial Statements

14 DISPOSAL OF SUBSIDIARIES

- (a) In June 2018, the Group completed the disposal of its 100% equity interest in Ho Easy Limited, which holds 100% equity interest in another two inactive subsidiaries, to an independent party, for a consideration of USD1 (equivalent to HK\$8). Loss on disposal of the subsidiaries amounting to HK\$923,000 was recognised in profit or loss for the six months ended 30 September 2018.
- (b) In September 2018, the Group completed the disposal of its 100% equity interest in Huan Hai Limited (the “HHL”, together with the subsidiaries disposed of, the “HHL Group”), to three independent third parties, for a consideration of HK\$18,899,000, in which HK\$8,500,000 is for sale shares of HHL and HK\$10,399,000 is for sale loan owing by HHL to the Group. HHL Group were licensed to carry out certain regulated activities under the SFO but yet to commence its financial services business. Gain on disposal of the subsidiaries amounting to HK\$8,500,000 was recognised in profit or loss for the six months ended 30 September 2018.

The aggregate net assets of the disposed subsidiaries at the dates of disposal were as follows:

	HK\$'000
Cash and bank balances	10,361
Receivables, deposits and prepayments	2,823
Payables and accrued charges	(12,261)
Total identifiable net assets disposed of	923
Net gains on disposal of subsidiaries	7,577
Total consideration received	8,500
Net cash flow arising on the disposal	
Cash consideration received	8,500
Cash and bank balances disposed of	(10,361)
	(1,861)

Notes to the Condensed Consolidated Financial Statements

15 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 2019 and 30 September 2018, 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	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Short-term employee benefits	951	780
Post-employment benefits	18	15
	969	795

16 APPROVAL OF INTERIM FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved by the Board on 25 November 2019.