

Artini Holdings Limited 雅天妮集團有限公司


(Incorporated in the Bermuda with limited liability)

Stock Code : 789



2022/23
Interim Report

Contents

- 
- 2** Corporate Information
- 4** Management Discussion and Analysis
- 10** 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 Zhonglian

Mr. Tse Kin Lung (*Chief Executive*)

Independent Non-executive Directors

Mr. Lau Fai Lawrence

Mr. Lau Yiu Kit

Mr. Ma Sai Yam

AUDIT COMMITTEE

Mr. Lau Fai Lawrence (*Chairman*)

Mr. Lau Yiu Kit

Mr. Ma Sai Yam

REMUNERATION COMMITTEE

Mr. Ma Sai Yam (*Chairman*)

Mr. Tse Hoi Chau

Mr. Lau Fai Lawrence

Mr. Lau Yiu Kit

NOMINATION COMMITTEE

Mr. Lau Fai Lawrence (*Chairman*)

Mr. Tse Hoi Chau

Mr. Lau Yiu Kit

Mr. Ma Sai Yam

COMPANY SECRETARY

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

AUTHORISED REPRESENTATIVES

Mr. Tse Hoi Chau

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

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

PRINCIPAL PLACE OF BUSINESS

Office 3, 17/F

Shun Feng International Centre

No.182 Queen's Road East

Wan Chai, 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
Suites 3301-04, 33/F
Two Chinachem Exchange Square
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 2022 (the “Period”).

BUSINESS REVIEW

The Group mainly engaged in fashion accessories business.

During the Period, the profitability of the Group was severely affected by the rebound of COVID-19 pandemic in Mainland China, high inflation worldwide and geopolitical instability.

In the China market, as the pandemic situation in certain major cities such as Shanghai and Guangzhou continued to rebound during the Period, the government strengthened restriction measures to contain the spread of the pandemic. To manage and control the pandemic situation, these strict measures led to the closure of warehouses, severe obstruction of logistics and distribution as well as disruption of the Group’s marketing activities and supply chain. These resulted in a reduction of customer orders and affected the Group’s online and offline business revenue in the China market. In the overseas markets, high inflation and the unfavorable change in exchange rate have reduced the demand of overseas customers for the Group’s products, leading to a slowdown in overseas sales. These factors negatively affected the profitability of the Group.



In face of these challenges, the Group maintained its strategic determination, exercised prompt responses, actively responded to overcome the corresponding challenges, with an aim to minimize the negative impact. Considering that the global economy will continue to face different challenges, the Group implemented mitigation measures during the Period to reduce the corresponding negative impact. The main measures, among others, are as follows:

1. To deal with the impacts of the rebound of COVID-19 pandemic in China, the Group has strictly controlled the selling and distribution expenses, resulting in a significant decrease in selling and distribution expenses for the Period. The Group's selling and distribution expenses for the Period were approximately HK\$5,656,000, representing a decrease of approximately 51.4% from approximately HK\$11,646,000 for the six months ended 30 September 2021.
2. The Group initiated major cost reduction measures, froze non-essential operating expenses, and buttressed and optimized internal cost structure, with a view to reducing operating costs including the control of rent and staff costs. The Group's administrative expenses for the Period were approximately HK\$3,135,000, representing a decrease of approximately 20.0% from approximately HK\$3,920,000 for the six months ended 30 September 2021.
3. During the pandemic, the Group kept its own inventory to enable the continued operation of online and offline sales channels even in the event of halt of work or production by the suppliers. Meanwhile, the Group strengthened its relationship with the suppliers to maintain advantages in securing stable supply.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Period amounted to approximately HK\$27,712,000 (six months ended 30 September 2021: approximately HK\$46,316,000), representing a decrease of approximately 40.2% from that of the corresponding period of 2021. The decrease in the Group's revenue during the Period was mainly due to the downward pressure on the global economy and unfavorable change in foreign exchange rate.

Gross profit

The Group's gross profit for the Period was approximately HK\$7,092,000 (six months ended 30 September 2021: approximately HK\$10,625,000), representing a decrease of approximately 33.3%. The Group's gross profit margin for the Period was approximately 25.6%. The decrease in the Group's gross profit during the Period was mainly due to the downward pressure on the global economy and massively increased global supply chain costs.

Selling and distribution expenses

The Group's selling and distribution expenses for the Period was approximately HK\$5,656,000 (six months ended 30 September 2021: approximately HK\$11,646,000), representing a decrease of approximately 51.4%. The decrease in the Group's selling and distribution expenses during the Period was mainly attributable to the decrease in the marketing and promotion expenses for the Group's fashion accessories business during the Period.

Administrative expenses

The Group's administrative expenses for the Period was approximately HK\$3,135,000 (six months ended 30 September 2021: approximately HK\$3,920,000), representing a decrease of approximately 20.0%. The decrease in the Group's administrative expenses was mainly attributable to the implementation of certain cost control measures during the Period.

Loss for the Period

As a result of the foregoing, the Group's loss for the Period was approximately HK\$2,111,000 (six months ended 30 September 2021: a loss of approximately HK\$5,430,000).



PROSPECTS

Despite dissimilarities in the macro environment of the Group's operating regions, we expect a positive development in our business in future, and are confident in the overall strategy and the recovery of revenue growth of the Group.

Supported by the category expansion of new products, strengthening of the supply chain, new e-commerce platforms and new regional expansion, the Group keeps up with its global development strategy and continues to increase market share. The Group's products are increasingly diversified through development of new product lines to meet different consumer needs in different regions. We will closely monitor these measures and carry out adjustment to adapt to the new realities of Europe's geopolitical situation and the inflation environment.

Besides, the Group will actively develop diversified and low-cost sales channels, further develop digitalized cloud retail system and its independent socialized marketing, complete the wholesale channel reform and put great effort into product innovation, technological development and rolling out new products. These measures will lay the foundation for raising profitability. The Group will continue to maintain and enhance its brand image of "Artini" and open up new sales channels. We will strengthen interaction with consumers and provide them with a deeper interactive and immersive experience via collaboration with third-party online retail platforms and online social media marketing platforms. In addition, with our partnership with suppliers established and global planning expanded, we will continue to optimize the supply chain strategy to improve our efficiency in responding to market changes and our capability in leveraging regional supply chain.

The spread of the pandemic, exposure to global supply chain costs and unfavourable exchange rate fluctuations inevitably had a negative impact on the Group's revenue and profitability for the Period. We have taken measures to alleviate the future impact of these effects. It is expected that consumer sentiment will be adversely affected by high inflation and geopolitical instability. We will continue to closely monitor these dynamics and adopt any other measures as necessary. We will remain vigilant against any ongoing impact related to COVID-19, and adopt further necessary and proactive measures to ensure the sustainability of the Group's performance.

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 2022 in the amount of approximately HK\$21,572,000 (31 March 2022: approximately HK\$35,758,000) were principally denominated in Hong Kong Dollars and Renminbi and is placed with licensed banks as current deposits. As at 30 September 2022, the Group did not have any borrowings (31 March 2022: 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 16.2% as at 30 September 2022 (31 March 2022: approximately 16.2%).

Management Discussion and Analysis

DIVIDENDS

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 September 2021: 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 2022 and 31 March 2022, the Group did not have any charges on its assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

SIGNIFICANT INVESTMENTS

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

CONTINGENT LIABILITIES

As at 30 September 2022 and 31 March 2022, the Group had no significant contingent liabilities.



EMPLOYEES AND EMOLUMENTS

As at 30 September 2022, the Group had 22 employees. During the Period, the total staff cost including directors' emoluments amounted to approximately HK\$2,290,000. To enhance the expertise, product knowledge, marketing skills and overall operational management skills of its employees, the Group organised regular training and development courses for its employees, and provided them with a competitive remuneration package, including salary, allowance, insurance, commission and bonus. Meanwhile, in order to create a harmonious and family-like working atmosphere, the Group emphasises on communication with employees and continually developing paths for staff promotion. Share options would be granted to respective employees with outstanding performance and contributions to the Group.

EVENT AFTER THE PERIOD

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

Corporate Governance and Other Information

CORPORATE GOVERNANCE

Corporate Governance Practice

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

Model Code for Directors’ Securities Transactions

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

Audit Committee

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

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 2022, the interests or short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be recorded in the register of interests required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

Corporate Governance and Other Information

Long positions in the Shares

| Names of Directors | 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 2022 |
|---------------------------------|---------------------------------------|-----------------------|--------------------------------------|---------------------------------------------------------------------|------------------------|-------------|---------------------------------------------------------------------|
| | 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.

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 2022, 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 2022 |
|-----------------------------------------------|---------------------|----------------------------------------------------------------------|------------------------------------------------------------------------------------|
| 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 2022, 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.

2008 SHARE OPTION SCHEME

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



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 as at 30 September 2022 | Validity period of the share options | Adjusted exercise price (HK\$) (Note 1) |
|---------------------------|---------------|--------------------------------|---------------------------|-----------------------------|--------------------------|-----------------------------|-------------------------------------|--------------------------------------|--------------------------------------------|
| | | Outstanding as at 1 April 2022 | Granted during the Period | Exercised during the Period | Lapsed during the Period | Cancelled during the Period | | | |
| Directors | | | | | | | | | |
| Mr. Tse Hoi Chau | 15 July 2020 | 11,000,000 | - | - | - | - | 11,000,000 | 15 July 2020 – 14 July 2023 | 0.197 |
| Ms. Yu Zhonglian | 15 July 2020 | 11,000,000 | - | - | - | - | 11,000,000 | 15 July 2020 – 14 July 2023 | 0.197 |
| Mr. Tse Kin Lung | 15 July 2020 | 11,000,000 | - | - | - | - | 11,000,000 | 15 July 2020 – 14 July 2023 | 0.197 |
| Other Participants | | | | | | | | | |
| Employees | 15 July 2020 | 6,200,000 | - | - | - | - | 6,200,000 | 15 July 2020 – 14 July 2023 | 0.197 |
| Consultants | 15 July 2020 | 71,000,000 | - | - | - | - | 71,000,000 | 15 July 2020 – 14 July 2023 | 0.197 (Note 2) |
| | | 110,200,000 | - | - | - | - | 110,200,000 | | |

Notes:

- 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.
- These 71,000,000 outstanding share options are held by ten consultants of the Company (the “Consultants”) respectively. The backgrounds of the Consultants are as follows:

Consultants A, B and C

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

Corporate Governance and Other Information

Consultant D

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

Consultant E

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

Consultant F

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

Consultant G

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

Consultant H

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

Consultant I

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

Consultant J

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

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

By order of the Board

Artini Holdings Limited

Tse Hoi Chau

Chairman

Hong Kong, 28 November 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2022

| | Notes | For the six months ended 30 September | |
|----------------------------------------------------------------------------------------------------------------------------------------|-------|------------------------------------------|---------------------------------|
| | | 2022 (Unaudited) HK\$'000 | 2021 (Unaudited) HK\$'000 |
| Revenue | 3 | 27,712 | 46,316 |
| Cost of sales | | (20,620) | (35,691) |
| Gross profit | | 7,092 | 10,625 |
| Other income | 4 | 134 | 7 |
| Other gains and losses, net | 5 | (525) | (48) |
| Selling and distribution expenses | | (5,656) | (11,646) |
| Administrative expenses | | (3,135) | (3,920) |
| Finance costs | 6 | (21) | (92) |
| Loss before income tax | 7 | (2,111) | (5,074) |
| Income tax expense | 8 | – | (356) |
| Loss for the period | | (2,111) | (5,430) |
| 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 | | (8,584) | 1,751 |
| Total comprehensive expense for the period | | (10,695) | (3,679) |
| Loss per share | | | |
| Basic and diluted (HK\$) | 10 | (0.002) | (0.005) |

Condensed Consolidated Statement of Financial Position

As at 30 September 2022



| | | As at 30 September 2022 (unaudited) HK\$'000 | As at 31 March 2022 (audited) HK\$'000 |
|----------------------------------------------|--------------|---------------------------------------------------------------------|---------------------------------------------------------------|
| | <i>Notes</i> | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 832 | 1,269 |
| Goodwill | | 2,534 | 2,534 |
| Right-of-use assets | | 560 | 721 |
| Intangible assets | | 28,278 | 28,278 |
| | | 32,204 | 32,802 |
| CURRENT ASSETS | | | |
| Inventories | | 53,416 | 47,607 |
| Trade and other receivables | 11 | 43,950 | 47,331 |
| Cash and bank balances | | 21,572 | 35,758 |
| | | 118,938 | 130,696 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 8,563 | 9,315 |
| Contract liabilities | | – | 1,153 |
| Lease liabilities | | 280 | 442 |
| Income tax payable | | 11,954 | 11,551 |
| | | 20,797 | 22,461 |
| NET CURRENT ASSETS | | 98,141 | 108,235 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 130,345 | 141,037 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | | 288 | 285 |
| | | 288 | 285 |
| NET ASSETS | | 130,057 | 140,752 |
| CAPITAL AND RESERVES | | | |
| Share capital | 13 | 55,198 | 55,198 |
| Reserves | | 74,859 | 85,554 |
| TOTAL EQUITY | | 130,057 | 140,752 |

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2022

| | Share capital HK\$'000 | Share premium HK\$'000 | Other reserves HK\$'000 | Translation reserve HK\$'000 | PRC statutory reserves HK\$'000 | Share- based payment capital reserve HK\$'000 | Accumulated losses HK\$'000 | Total HK\$'000 |
|-----------------------------------------------|------------------------------|------------------------------|-------------------------------|------------------------------------|------------------------------------------|--------------------------------------------------------------|-----------------------------------|-------------------|
| As at 1 April 2022 (audited) | 55,198 | 913,906 | (16,415) | 29,198 | 9,436 | 8,976 | (859,547) | 140,752 |
| Loss for the period | - | - | - | - | - | - | (2,111) | (2,111) |
| Other comprehensive income | - | - | - | (8,584) | - | - | - | (8,584) |
| Total comprehensive expense for the period | - | - | - | (8,584) | - | - | (2,111) | (10,695) |
| As at 30 September 2022 (unaudited) | 55,198 | 913,906 | (16,415) | 20,614 | 9,436 | 8,976 | (861,658) | 130,057 |
| As at 1 April 2021 (audited) | 55,198 | 913,906 | (16,415) | 24,242 | 9,436 | 8,976 | (837,170) | 158,173 |
| Loss for the period | - | - | - | - | - | - | (5,430) | (5,430) |
| Other comprehensive income | - | - | - | 1,751 | - | - | - | 1,751 |
| Total comprehensive expense for the period | - | - | - | 1,751 | - | - | (5,430) | (3,679) |
| As at 30 September 2021 (unaudited) | 55,198 | 913,906 | (16,415) | 25,993 | 9,436 | 8,976 | (842,600) | 154,494 |

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2022



| | For the six months ended | |
|-------------------------------------------------------------------------------------------------|--------------------------|-------------|
| | 30 September | |
| | 2022 | 2021 |
| | (unaudited) | (unaudited) |
| | HK\$'000 | HK\$'000 |
| Net cash generated (used in)/from operating activities | (18,178) | 15,087 |
| Investing activities | | |
| Other investing cash flows | (123) | (90) |
| Net cash used in investing activities | (123) | (90) |
| Financing activities | | |
| Payments of lease liabilities | (215) | (641) |
| Other financing cash flows | (22) | (92) |
| Net cash used in financing activities | (237) | (733) |
| Net (decrease)/increase in cash and cash equivalents | (18,538) | 14,264 |
| Cash and cash equivalents at beginning of the period | 35,758 | 18,901 |
| Effect of foreign exchange rate changes | 4,352 | (24) |
| Cash and cash equivalents at end of the period, represented by cash and bank balances | 21,572 | 33,141 |

Notes to the Condensed Consolidated Financial Statements

1 BASIS OF PREPARATION

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

2 PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and an interpretation, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months period ended 30 September 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2022.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2022 for the preparation of the Group’s condensed consolidated financial statements:

| | |
|------------------------------------------------------|-------------------------------------------------------------|
| Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| Amendments to HKAS 16 | Property, Plant and Equipment: Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts — Cost of Fulfilling a Contract |
| Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41 | Annual Improvements to HKFRSs 2018–2020 |

The application of the amendments to HKFRSs in the current period has no material impact on the Group’s performance and financial positions for the current and prior periods and/or on the disclosures set out in these unaudited 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 2022 and 30 September 2021.

b. Segment information

The Group's reportable and operating segments for the six months ended 30 September 2022 and 30 September 2021, 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 People Republic of China ("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 2022 – unaudited | | | |
| Revenue | | | |
| Segment revenue – external sales | 22,942 | 4,770 | 27,712 |
| Results | | | |
| Segment results | (321) | 179 | (143) |
| Other unallocated gains and income | | | – |
| Unallocated expenses | | | (1,968) |
| Loss before income tax | | | (2,111) |
| Segment assets | 114,481 | 7,324 | 121,805 |
| Segment liabilities | (8,301) | (3,241) | (11,542) |
| Six months ended 30 September 2021 – unaudited | | | |
| Revenue | | | |
| Segment revenue – external sales | 38,313 | 8,003 | 46,316 |
| Results | | | |
| Segment results | (1,952) | (1,306) | (3,258) |
| Other unallocated gains and income | | | – |
| Unallocated expenses | | | (1,816) |
| Loss before income tax | | | (5,074) |
| Segment assets | 129,006 | 15,117 | 144,123 |
| Segment liabilities | (8,537) | (5,507) | (14,044) |

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 | |
|------------------------------------------|------------------------------------------|-------------------------|
| | 2022 | 2021 |
| | (unaudited) HK\$'000 | (unaudited) HK\$'000 |
| Interest income | 1 | 6 |
| Government subsidies (<i>Note (a)</i>) | 110 | – |
| Others | 23 | 1 |
| | 134 | 7 |

Note:

- (a) During the period ended 30 September 2022, included in profit or loss was HK\$110,000 of government grants obtained from Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group’s employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have other unfulfilled obligations relating to this program, and does not obtain any subsidy in the current period.

5 OTHER GAINS AND LOSSES, NET

| | For the six months ended 30 September | |
|-----------------------|------------------------------------------|-------------------------|
| | 2022 | 2021 |
| | (unaudited) HK\$'000 | (unaudited) HK\$'000 |
| Net exchange (losses) | (525) | (48) |
| | (525) | (48) |

Notes to the Condensed Consolidated Financial Statements

6 FINANCE COSTS

| | For the six months ended 30 September | |
|-------------------------------|------------------------------------------|---------------------------------|
| | 2022 (unaudited) HK\$'000 | 2021 (unaudited) HK\$'000 |
| Interest on lease liabilities | 21 | 92 |
| | 21 | 92 |

7 LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging:

| | For the six months ended 30 September | |
|-----------------------------------------------|------------------------------------------|---------------------------------|
| | 2022 (unaudited) HK\$'000 | 2021 (unaudited) HK\$'000 |
| Cost of inventories recognised as an expense | 20,620 | 35,691 |
| Depreciation of property, plant and equipment | 357 | 348 |
| Depreciation of right-of-use assets | 212 | 648 |

Notes to the Condensed Consolidated Financial Statements

8 INCOME TAX EXPENSE

| | For the six months ended 30 September | |
|------------------------------|------------------------------------------|-------------------------|
| | 2022 | 2021 |
| | (unaudited) HK\$'000 | (unaudited) HK\$'000 |
| Hong Kong Profits tax | | |
| – Current period | – | 356 |
| Deferred tax | | |
| – Current period | – | – |
| Income tax expense | – | 356 |

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 2022 and 30 September 2021 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 2022 and 30 September 2021.

9 DIVIDENDS

The Board does not declare interim dividends for the six months ended 30 September 2022 (2021: Nil).

Notes to the Condensed Consolidated Financial Statements

10 LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period of approximately HK\$2,111,000 (2021: HK\$5,430,000) and the weighted average of approximately 1,103,968,000 (2021: 1,103,968,000) ordinary shares of the Company in issue during the period. The basic and diluted earnings per share for the six months ended 30 September 2022 and 30 September 2021 are the same as there were no potential dilutive shares.

11 TRADE AND OTHER RECEIVABLES

| | As at 30 September 2022 (unaudited) HK\$'000 | As at 31 March 2022 (audited) HK\$'000 |
|----------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------|
| Aged analysis of trade receivables, presented based on invoice dates | | |
| 0 – 30 days | 4,667 | 11,275 |
| 31 – 60 days | 2,297 | 1,924 |
| 61 – 90 days | 3,571 | 387 |
| 91 – 180 days | 8,582 | 6,350 |
| 181 – 365 days | 4,810 | 10,781 |
| | 23,927 | 30,717 |
| Trade and other deposit paid | 19,612 | 15,939 |
| Prepayment | 70 | 90 |
| Other receivables, net of allowances | 341 | 585 |
| | 43,950 | 47,331 |

Notes to the Condensed Consolidated Financial Statements

12 TRADE AND OTHER PAYABLES

| | As at 30 September 2022 (unaudited) HK\$'000 | As at 31 March 2022 (audited) HK\$'000 |
|-------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------|
| Aged analysis of trade payables, presented based on invoice dates | | |
| Within 3 months | 1,390 | 3,290 |
| More than 3 months less than 1 year | 2,566 | 1 |
| Over 1 year | 175 | 175 |
| Trade payables | 4,131 | 3,466 |
| Other tax payables | 3,114 | 3,085 |
| Payrolls and staff cost payable | 386 | 415 |
| Other payables and accruals | 932 | 2,349 |
| | 8,563 | 9,315 |

13 SHARE CAPITAL

| | As at 30 September 2022 | | As at 31 March 2022 | |
|--------------------------------------------|--------------------------------------|----------------------------|--------------------------------------|----------------------------|
| | Number of shares '000 | Amount HK\$'000 | Number of shares '000 | Amount HK\$'000 |
| Ordinary shares of par value HK\$0.05 each | | | | |
| Authorised: | | | | |
| As at beginning and end of the period/year | 6,000,000 | 300,000 | 6,000,000 | 300,000 |
| Issued and fully paid: | | | | |
| As at beginning and end of the period/year | 1,103,968 | 55,198 | 1,103,968 | 55,198 |

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 2022 and 30 September 2021, 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 | |
| | 2022 | 2021 |
| | (unaudited) | (unaudited) |
| | HK\$'000 | HK\$'000 |
| Short-term employee benefits | 384 | 420 |
| Post-employment benefits | 14 | 12 |
| | 398 | 432 |

15 APPROVAL OF INTERIM FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved by the Board on 28 November 2022.