

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **Artini Holdings Limited**

**雅天妮集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 789)**

### **PROFIT WARNING AND CHANGE IN USE OF PROCEEDS**

This announcement is made by Artini Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

#### **PROFIT WARNING**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 March 2020 (the “**Year**”), the Group is expected to record a significant drop in the profit of approximately 65% as compared to the year ended 31 March 2019.

The decrease was mainly attributable to (1) the decrease in the Group’s revenue from the integrated fashion accessories platform business of approximately 16% mainly as a result of the outbreak of novel coronavirus (COVID-19) epidemic (the “**Epidemic**”) in January 2020; (2) the decrease in the Group’s gross profit margin from approximately 31.7% for the year ended 31 March 2019 to approximately 24.4% for the Year, mainly due to the increase in the unit cost of products from product upgrades and packaging improvement without charging customers a higher price; and (3) the absence of gains on disposals of subsidiaries of approximately HK\$8 million recognised in last financial year. Looking forward, the Company will continue to closely monitor the market conditions and implement tightened cost control to cope with the volatile business environment.

The Group is still in the process of finalising the annual results for the Year. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group for the Year, which has not been reviewed by the auditor and the audit committee of the Company and may be subject to further adjustment based on further updated information. The actual financial results for the Year may be different from what is disclosed in this announcement. The shareholders of the Company and potential investors are advised to read carefully the annual results of the Group for the Year, which is expected to be announced in late June 2020.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

## **CHANGE IN USE OF PROCEEDS**

References is made to the announcement of the Company dated 26 January 2017 (the “**Placing Announcement**”) in relation to the placing of 510,000,000 shares to not less than six placees at the price of HK\$0.08 per placing shares (the “**Placing**”).

With reference to the Placing Announcement, net proceeds from the Placing (the “**Net Proceeds**”) of approximately HK\$27.8 million was intended to be used for development of 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.

Due to the changes in the Group’s business strategies in recent years and its focus on the integrated fashion accessories platform business, the software business of the Group was abandoned during the year ended 31 March 2018, and the development of related software applications and/or mobile gaming applications was also suspended accordingly.

In order to better utilise the resources on hand, and taking into account the global outbreak of the Epidemic in early 2020 and its continuous impact on the Group, at the date of this announcement, the Board resolved to change the proposed use of Net Proceeds in the following manner:

	<b>Intended use of Net Proceeds as disclosed in the Placing Announcement</b> <i>HK\$ million</i>	<b>Utilised amount as at the date of this announcement</b> <i>HK\$ million</i>	<b>Revised use of Net Proceeds</b> <i>HK\$ million</i>
Development of software and/or mobile gaming applications	27.8	—	—
Marketing and promotion for the mobile gaming applications	11.9	—	—
Development of self-operated online platform	—	—	11.9
Enhancement of brand recognition and awareness	—	—	11.9
General corporate purposes and working capital	—	—	15.9
	<u>39.7</u>	<u>—</u>	<u>39.7</u>

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

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

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

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

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

By order of the Board  
**Artini Holdings Limited**  
**Tse Hoi Chau**  
*Chairman*

Hong Kong, 18 June 2020

*As at the date of this announcement, the executive directors of the Company are Mr. Tse Hoi Chau (Chairman), Mr. Lin Shao Hua, Ms. Yu Zhonglian and Mr. Tse Kin Lung; and the independent non-executive directors of the Company are Mr. Lau Fai Lawrence, Mr. Lau Yiu Kit and Mr. Ma Sai Yam.*