Artini Holdings Limited
雅天妮集團有限公司

(Incorporated in the Bermuda with limited liability)

(Stock Code: 789)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

This announcement is made pursuant to Rule 13.09(2)(a) and Rule 13.49(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The board (the "Board") of directors (the "Directors") of Artini Holdings Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2022 (the "Year"), together with comparative figures for the preceding financial year ended 31 March 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	**2022** *HK$'000*	2021 *HK$'000*
Revenue	*4*	**76,968**	79,397
Cost of sales		**(62,915)**	(70,200)
Gross profit		**14,053**	9,197
Other income	*5*	**77**	782
Other gains and losses, net	*6*	**(3,626)**	(4,542)
Selling and distribution expenses		**(23,701)**	(10,727)
Administrative expenses		**(9,015)**	(19,439)
Finance costs	*7*	**(165)**	(165)
Loss before income tax	*8*	**(22,377)**	(24,894)
Income tax expense	*10*	**–**	(1,727)
Loss for the year		**(22,377)**	(26,621)

	Notes	2022 HK$'000	2021 HK$'000
Other comprehensive income:			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		**4,956**	10,714
Other comprehensive income for the year, net of income tax		**4,956**	10,714
Total comprehensive expense for the year		**(17,421)**	(15,907)
Loss per share			
– Basic and diluted (HK$)	*11*	**(0.020)**	(0.024)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	**2022** **HK$'000**	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,269**	1,811
Goodwill		**2,534**	2,534
Right-of-use assets		**721**	3,951
Intangible assets		**28,278**	28,278
		32,802	36,574
CURRENT ASSETS			
Inventories		**47,607**	59,401
Trade and other receivables	*12*	**47,331**	67,388
Cash and bank balances		**35,758**	18,901
		130,696	145,690
CURRENT LIABILITIES			
Trade and other payables	*13*	**9,315**	7,878
Contract liabilities		**1,153**	872
Lease liabilities		**442**	1,287
Income tax payable		**11,551**	11,308
		22,461	21,345
NET CURRENT ASSETS		**108,235**	124,345
TOTAL ASSETS LESS CURRENT LIABILITIES		**141,037**	160,919
NON-CURRENT LIABILITIES			
Lease liabilities		**285**	2,746
NET ASSETS		**140,752**	158,173
CAPITAL AND RESERVES			
Share capital		**55,198**	55,198
Reserves		**85,554**	102,975
TOTAL EQUITY		**140,752**	158,173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL INFORMATION

The Company was incorporated in Bermuda on 30 May 2007 as an exempted company with limited liability under the Bermuda Companies Act 1981 and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business is Unit 1117, 11/F, Star House, No. 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company acts as an investment holding company. The Group is principally engaged in sale of a wide selection of fashion accessories products mainly through the Group's self-operated online platform (the "Integrated Fashion Accessories Platform Business").

In the opinion of the Directors, the Company's immediate holding company is Walifax Investments Limited, a company incorporated in the British Virgin Islands and its ultimate controlling party is Mr. Tse Hoi Chau, the executive director and chairman of the Company, respectively.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) New and amended standards and interpretations

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19-related rent concessions beyond 30 June 2021

The application of the amendments to HKFRSs in the current year had no material impact on the Group's results and financial position for the current or prior period and/or on the disclosures set out in these consolidated financial statements. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting year.

Impacts on application of amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, interest rate benchmark reform – Phase 2

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

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;

- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and

- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

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

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to HKFRS 16

HKFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction is lease payments affects only payments originally due on or before 30 June 2021; and

(c) There are is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in HKFRS 16 in accounting for the concession.

In the annual financial statements for the year ended 31 March 2022, the Group had elected to utilise the practical expedient for all rent concessions that meet the criteria.

On 9 April 2021, the HKICPA issued another amendment to HKFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021, which extends the availability of the practical expedient in paragraph 46A of HKFRS 16 by one year so that the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The application of such amendment has had no material impact on the Group's financial positions and performance for the current and prior years.

(b) New and amended standards that have been issued but not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) [2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[1]

[1] Effective for annual periods beginning on or after 1 January 2022.
[2] Effective for annual periods beginning on or after 1 January 2023.
[3] Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all of the above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 3 Business Combinations—Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC) 21 Levies, the acquirer applies HK(IFRIC) 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent asset acquired in a business combination.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 and HKAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to HKAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in HKAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in HKAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the HKICPA retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error

- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying HKFRS 16 at the commencement date of a lease.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 16 Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with HKAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. HKAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 37 Provisions, Contingent Liabilities and Contingent Assets—Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Annual Improvements to HKFRS Standards 2018-2020—Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards, HKFRS 9 Financial Instruments, HKFRS 16 Leases, and HKAS 41 Agriculture

The Annual Improvements include amendments to four Standards:

HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in HKFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to HKFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in HKFRS 1:D16(a).

HKFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

HKFRS 16 Leases

The amendment to illustrative example 13 accompanying HKFRS 16 removes from the fact pattern a reimbursement relating to leasehold improvements, as the example had not explained clearly whether the reimbursement would meet the definition of a lease incentive in HKFRS 16.

HKAS 41 Agriculture

The amendment removes the requirement in HKAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in HKAS 41 with the requirements of HKFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, Hong Kong Accounting Standards and Interpretations and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules.

Going Concern Assessment

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

(b) Basis of measurement

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

(c) Functional and presentation currency

The consolidated financial statements have been presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

4. REVENUE AND SEGMENT INFORMATION

a. Revenue

Revenue represents the net amounts received and receivables that are derived from sales of fashion accessories products during the years ended 31 March 2022 and 2021.

b. Segment information

The Group's operating segments, based on information reported to the Board being the chief operating decision-maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance.

Specifically, the Group's reportable and operating segments for the years ended 31 March 2022 and 2021 were as follows:

Integrated Fashion Accessories Platform Business	(i)	Wholesale of a wide selection of fashion accessories products mainly through the Group's self-operated online platform.
	(ii)	Others, consists of retail and distribution of fashion accessories products through third-party retail online platforms for retail customers in the People's Republic of China (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.

i. Segment revenue and results, assets and liabilities and other information

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

	Integrated Fashion Accessories Platform Business			
	Fashion accessories online wholesales platform	**Others**	**Unallocated**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2022				
Revenue (At point in time)				
Segment revenue - external sales	**61,866**	**15,102**	**–**	**76,968**
Results				
Segment results	**(6,734)**	**(7,147)**	**–**	**(13,881)**
Unallocated other losses				**(4,066)**
Unallocated expenses				
– Auditor's remuneration				**(730)**
– Depreciation of right-of-use assets				**(415)**
– Salaries and retirement benefit scheme				**(1,826)**
– Other professional fee				**(602)**
– Unallocated expenses				**(833)**
– Finance costs				**(24)**
Loss before income tax				**(22,377)**
Assets				
Segment assets	**121,393**	**8,322**	**–**	**129,715**
Unallocated assets				
– Property, plant and equipment				**428**
– Right-of-use assets				**208**
– Intangible assets				**28,278**
– Other receivables, prepayment and deposit				**177**
– Cash and bank balances				**4,692**
Total assets				**163,498**
Liabilities				
Segment liabilities	**(10,493)**	**(1,633)**	**–**	**(12,126)**
Unallocated liabilities				
– Other payables and accruals				**(4,939)**
– Lease liabilities				**(211)**
– Others				**(5,470)**
Total liabilities				**(22,746)**
Other information				
Depreciation of property, plant and equipment	**–**	**(301)**	**(423)**	**(724)**
Depreciation of right-of-use assets	**(115)**	**(826)**	**(415)**	**(1,356)**
Impairment loss recognised in respect of trade receivables	**(3,191)**	**(182)**	**–**	**(3,373)**
Impairment loss reversed in respect of other receivables	**336**	**3**	**–**	**339**
Provision of impairment loss of inventories	**(3,285)**	**(721)**	**–**	**(4,006)**

	Integrated Fashion Accessories Platform Business			
	Fashion accessories online wholesales platform	**Others**	**Unallocated**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2021				
Revenue (At point in time)				
Segment revenue - external sales	44,310	35,087	–	79,397
Results				
Segment results	(7,153)	(37)	–	(7,190)
Unallocated other losses				(2,505)
Unallocated expenses				
– Auditor's remuneration				(730)
– Depreciation of right-of-use assets				(366)
– Salaries and retirement benefit scheme				(5,108)
– Other professional fee				(6,696)
– Unallocated expenses				(2,276)
– Finance costs				(23)
Loss before income tax				(24,894)
Assets				
Segment assets	129,420	19,558	–	148,978
Unallocated assets				
– Property, plant and equipment				851
– Right-of-use assets				623
– Intangible assets				28,278
– Other receivables, prepayment and deposit				177
– Cash and bank balances				3,357
Total assets				182,264
Liabilities				
Segment liabilities	(8,296)	(4,778)	–	(13,074)
Unallocated liabilities				
– Other payables and accruals				(4,891)
– Lease liabilities				(656)
– Others				(5,470)
Total liabilities				(24,091)
Other information				
Depreciation of property, plant and equipment	–	(304)	(325)	(629)
Depreciation of right-of-use assets	–	(1,238)	(366)	(1,604)
Amortisation of intangible assets	–	–	(21)	(21)
Provision of impairment loss of intangible assets	–	(2,722)	–	(2,722)
Impairment loss recognised in respect of trade receivables	(371)	–	–	(371)
Impairment loss recognised in respect of other receivables	(495)	(10)	(1)	(506)
Equity settled share-based payment expenses	–	–	(8,976)	(8,976)
Provision of impairment loss of inventories	(4,402)	–	–	(4,402)

The accounting policies of the above reportable and operating segments are the same as the Group's accounting policies.

Revenue reported above represents revenue generated from external customers. There was no inter-segment sales transactions between the Group's subsidiaries in the different segments during the years ended 31 March 2022 and 2021.

Segment results represent the loss incurred or profit earned incurred by each segment without allocation of items not directly related to the relevant segments. This is the measure reported to CODM for the purposes of resource allocation and assessment of segment performance.

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

- All assets are allocated to reportable and operating segments other than certain property, plant and equipment, right-of-use assets, intangible assets, other receivables, deposit paid and cash and bank balances.

- All liabilities are allocated to reportable and operating segments other than certain other payables and accruals, and lease liabilities.

ii. Geographical information

The following table provides an analysis of the Group's revenue from external customers based on the location where the goods were delivered:

	2022	2021
	HK$'000	*HK$'000*
America	**59,750**	39,249
The PRC, other than Hong Kong and Macao	**15,098**	35,065
Europe	**1,267**	2,663
Australia	**315**	1,577
Asia	**225**	318
Africa	**216**	420
Middle East	**78**	61
Russia	**15**	23
Hong Kong and Macao	**4**	21
	76,968	79,397

The following table provides an analysis of the Group's non-current assets based on the geographical location of the assets:

	2022	2021
	HK$'000	*HK$'000*
Hong Kong and Macao	**636**	1,474
The PRC, other than Hong Kong and Macao	**32,166**	35,100
	32,802	36,574

c. Information about major customers

Revenues from two customers of the Group's Integrated Fashion Accessories Platform Business segment amounted to HK$34,787,000 (2021: HK$38,951,000), which represent 10% or more of the Group's revenue.

5. OTHER INCOME

	2022	2021
	HK$'000	*HK$'000*
Interest income	**22**	14
Government subsidies *(Note (a))*	**–**	194
Covid-19-related rent concession	**54**	–
Others	**1**	574
	77	782

Note:

(a) During the year ended 31 March 2021, included in profit or loss was HK$194,000 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 year.

6. OTHER GAINS AND LOSSES, NET

	2022	2021
	HK$'000	*HK$'000*
Other gains and (losses), net comprise of:		
Net exchange losses	**(667)**	(943)
Provision of impairment on intangible assets	**–**	(2,722)
Impairment loss recognised in respect of trade receivables	**(3,373)**	(371)
Impairment loss reversed/(recognised) in respect of other receivables	**339**	(506)
Loss on written off of property, plant and equipment	**(1)**	–
Gain on lease modification	**76**	–
	(3,626)	(4,542)

7. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Interest on lease liabilities	**165**	165

8. LOSS BEFORE INCOME TAX

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

	2022	2021
	HK$'000	*HK$'000*
Staff costs (included directors' remuneration)		
Salaries, wages and other benefits	**5,465**	5,364
Share-based payment expenses	**–**	3,308
Contributions to defined contribution retirement plans	**471**	266
	5,936	8,938
Auditor's remuneration	**730**	730
Cost of inventories recognised as an expense, including written-off of inventories	**62,915**	70,200
Provision of impairment loss of inventories	**4,006**	4,402
Depreciation of property, plant and equipment	**724**	629
Loss on written off of property, plant and equipment	**1**	–
Depreciation of right-of-use assets	**1,356**	1,604
Amortisation of intangible assets	**–**	21
Provision of impairment loss on intangible assets	**–**	2,722
Impairment loss recognised in respect of trade receivables	**3,373**	371
Impairment loss (reversed)/recognised in respect of other receivables	**(339)**	506
Short-term leases expenses	**–**	121

9. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2022, nor has any dividend been proposed since the end of the reporting period (2021: Nil).

10. INCOME TAX EXPENSE

	2022	2021
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– Current year	**–**	–
– Under-provision in prior years	**–**	1,732
	–	1,732
Deferred tax		
– Current year	**–**	(5)
Income tax expense	**–**	1,727

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 years ended 31 March 2022 and 2021 is provided based on the Regime.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 March 2022 and 2021.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% (2021: 25%) for the year.

The income tax expense for the years can be reconciled to the loss before income tax expense as follows:

	2022 *HK$'000*	2021 *HK$'000*
Loss before income tax expense	**(22,377)**	(24,894)
Tax calculated at the rate applicable to the tax jurisdictions concerned	**(3,900)**	(2,569)
Tax effect of expenses not deductible for tax purposes	**548**	735
Tax effect income not taxable for tax purposes	**–**	(4)
Tax effect of deductible temporary differences not recognised	**–**	(5)
Tax effect of tax losses not recognised	**3,352**	1,838
Under-provision in prior years	**–**	1,732
Income tax expense	**–**	1,727

11. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year of approximately HK$22,377,000 (2021: a loss of HK$26,621,000) and the weighted average of approximately 1,103,968,000 (2021: 1,103,968,000) in issue during the year. Comparative figures have also been adjusted on the assumption that the Share Consolidation had been effective in the beginning of prior period.

Diluted loss per share equals to basic loss per share, as there were no potential dilutive ordinary shares in issue for the years ended 31 March 2022 and 2021.

12. TRADE AND OTHER RECEIVABLES

	2022 *HK$'000*	2021 *HK$'000*
Trade receivables *(note (a))*	**34,461**	17,179
Less: Allowances	**(3,744)**	(371)
Trade receivables, net	**30,717**	16,808
Other receivables *(note (b))*	**752**	1,105
Less: Allowances	**(167)**	(506)
Other receivables, net	**585**	599
Trade and other deposits paid	**15,939**	49,512
Prepayments	**90**	469
	47,331	67,388

Notes:

Trade receivables at the end of the reporting period comprise amounts receivable from the sales of goods. No interest is charged on the trade receivables.

Before accepting any new customer, the Group gathers and assesses the credit information of the potential customer in considering the customer's quality and determining the credit limits for that customer.

As at 31 March 2022 and 2021, included in other receivables were receivables from a few independent third parties.

(a) Trade receivables

The Group generally allows an average credit period of 30 to 90 days (2021: 30 to 60 days) to its customers. The ageing analysis of the Group's trade receivables presented (net of allowances) based on invoice date as at the end of the reporting period, which approximated the respective revenue recognition dates, is as follows:

	2022	2021
	HK$'000	*HK$'000*
0 – 30 days	**11,275**	15,435
31 – 60 days	**1,924**	–
61 – 90 days	**387**	594
91 – 180 days	**6,350**	588
181 – 365 days	**10,781**	191
	30,717	16,808

Included in trade receivables are the following amounts denominated in a currency other than the functional currency of each individual group entity:

	2022	2021
	HK$'000	*HK$'000*
Renminbi	**2,391**	2,023
United Stated Dollars	**28,325**	14,785
	30,716	16,808

Movements in loss allowance account in respect of trade receivables during the years are as follows:

	2022	2021
	HK$'000	*HK$'000*
As at 1 April	**371**	–
Impairment loss recognised	**3,373**	371
As at 31 March	**3,744**	371

Other than the above allowances, the Group did not provide any allowances on the remaining past due receivables as, in the opinion of the Directors, there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience. The Group does not hold any collateral over these balances.

(b) Other receivables

Movements in loss allowance account in respect of other receivables during the years are as follows:

	2022	2021
	HK$'000	*HK$'000*
As at 1 April	**506**	–
Impairment loss (reversed)/recognised	**(339)**	506
As at 31 March	**167**	506

Other than the above allowances, the Group did not provide any allowances on the remaining past due receivables as, in the opinion of the Directors, there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience. The Group does not hold any collateral over these balances.

Furthermore, in the opinion of the Directors, there has not been a significant change in credit quality of the Group's other receivables which are neither past due nor impaired and the amounts are still considered recoverable.

13. TRADE AND OTHER PAYABLES

	2022	2021
	HK$'000	*HK$'000*
Trade payables	**3,466**	1,771
Other tax payables	**3,085**	3,096
Payrolls and staff cost payables	**415**	487
Other payables and accruals	**2,349**	2,524
	9,315	7,878

The Group's trade payables principally comprise amounts outstanding for trade purchases. Payment terms with suppliers are mainly on credit term of 30 to 90 days (2021: 30 to 90 days).

The ageing analysis of the Group's trade payables presented based on invoice date as at the end of the reporting period is as follows:

	2022	2021
	HK$'000	*HK$'000*
Within 3 months	**3,290**	1,501
More than 3 month less than 1 year	**1**	95
Over 1 year	**175**	175
	3,466	1,771

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the Year, the Group recorded a total revenue of approximately HK$76,968,000 (2021: approximately HK$79,397,000). Gross profit was approximately HK$14,053,000 (2021: approximately HK$9,197,000) for the Year and loss for the Year amounted to approximately HK$22,377,000 (2021: a loss of approximately HK$26,621,000).

BUSINESS REVIEW

The Group mainly engaged in integrated fashion accessories platform business.

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

During the Year, the Group's fashion accessories business generated revenue of approximately HK$61,866,000 (2021: approximately HK$44,310,000), representing an increase of approximately 39.6% due to the fact that the (COVID-19) epidemic (the "Epidemic") was increasingly stabilized during the Year.

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

1. The Group took proactive measures to control operating expenses and optimized the internal cost structure to reduce operating costs, including the control over staff costs and the closure of offline retail spots. The Group's administrative expenses for the Year decreased approximately 53.6% from approximately HK$19,439,000 in 2021 to approximately HK$9,015,000.

2. The extensive global footprint of the Group minimized the risk of excessive dependence on single market. During the Year, the Group zeroed in on adjusting its marketing direction, such as focusing on development of more fashion accessories products to meet the needs of China market, so as to avoid over-reliance on a single market.

3. During the Pandemic, the Group remained its own self-contained inventory, notwithstanding the suspension of work and operation from the suppliers, the operation of online and offline sales platforms could still be maintained.

4. The Group reinforced the youthful, artistic and fashionable image of "Artini", and accelerated the business transformation into a digitalized, Cloud-based and social media marketing online platform, so as to consolidate its competitiveness in the fashion accessories industry. The Group's selling and distribution expenses for the Year increased by approximately 120.9% from approximately HK$10,727,000 in 2021 to approximately HK$23,701,000, in order to increase market share by exploiting new customers and new markets.

Prospect

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

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

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

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

The Group believes, from the long-term perspective, through prudent and effective capital and resources allocation, together with the omni-channel marketing in major markets, as well as online promotion and advertising activities, it will effectively improve the business performance of the Group. The Group will persist in assessing the current business strategies and will seek for suitable business opportunities, so as to create and explore new profit engines. It will then bring more stable development to the Group and ensure the interest of the shareholders of the Company.

After the global outbreak of the Epidemic in early 2020, a series of precautionary and control measures have been and continued to be implemented across China and other countries. Up to the date of this announcement, the Epidemic is still affecting the business and economic activity worldwide. The Group will keep continuous attention on the change of situation and make timely response and adjustments in the future but the estimate of its financial effect cannot be made as at the date of this announcement.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Year amounted to approximately HK$76,968,000 (2021: approximately HK$79,397,000), representing a decrease of approximately 3.1% from that of 2021.

Gross profit

The Group's gross profit for the Year was approximately HK$14,053,000 (2021: approximately HK$9,197,000), representing an increase of approximately 52.8%. The Group's gross profit margin for the Year was approximately 18.3%, with the exclusion of the provision for inventories of approximately HK$4,006,000, the gross profit margin will be resulted in approximately 23.5%. The increase in the Group's gross profit during the Year was mainly due to (i) the fact that the Epidemic was increasingly stabilized; and (ii) no extra discounts was offered to customers.

Selling and distribution expenses

The Group's selling and distribution expenses for the Year was approximately HK$23,701,000 (2021: approximately HK$10,727,000), representing an increase of approximately 120.9%. The increase in the Group's selling and distribution expenses during the Year was mainly attributable to the increase in the distribution costs such as logistics and shipping costs and the marketing and promotion expenses for the Group's fashion accessories business during the Year.

Administrative expenses

The Group's administrative expenses for the Year was approximately HK$9,015,000 (2021: approximately HK$19,439,000), representing a decrease of approximately 53.6%. The decrease in the Group's administrative expenses was mainly attributable to the implementation of certain cost control measures during the Year.

Loss for the Year

As a result of the foregoing, the Group's loss for the Year was approximately HK$22,377,000 (2021: a loss of approximately HK$26,621,000).

Dividend

The Board does not recommend the payment of any final dividend for the Year (2021: Nil).

Capital structure

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

Foreign exchange exposure

The major 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 Renminbi. The Group has not used or has no plan to use any forward contract or other derivative products to hedge exchange rates exposure as the management considers it more difficult to monitor and manage the risks arising from such forward contracts or derivative products. The management of the Group will, nonetheless, continue to monitor the Group's foreign currency risks exposures and consider adopting prudent measures as appropriate.

Charges on assets

As at 31 March 2022 and 2021, the Group did not have any charges on its assets.

Significant Investments

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

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 Year.

Future Plans for Material Investments or Capital Assets

Apart from strengthening the Group's current business, the Group will explore new business opportunities as and when appropriate, in order to enhance shareholder's value.

Employees and emoluments

As at 31 March 2022, the Group had 27 employees (2021: 37), and the total staff cost including Directors' emoluments amounted to approximately HK$5,936,000 (2021: approximately HK$8,938,000). 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.

Liquidity and financial resources

During the Year, the Group generally financed its operations with internally generated resources and its own working capital. As at 31 March 2022, the Group had cash and cash equivalents of approximately HK$35,758,000 (2021: approximately HK$18,901,000). As at 31 March 2022 and 2021, there was no undrawn general banking facilities available to the Group, and the Group did not have any outstanding borrowing. 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 31 March 2022 (2021: approximately 15.2%).

Capital commitments

As at 31 March 2022 and 2021, the Group did not have any significant capital commitments.

Contingent liabilities

As at 31 March 2022 and 2021, the Group had no significant contingent liabilities.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the Year.

EVENT AFTER THE REPORTING PERIOD

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

CORPORATE GOVERNANCE PRACTICES

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability to the shareholders of the Company (the "Shareholders") as a whole. The Directors continuously observe the principles of good corporate governance in the interests of the Shareholders and devote considerable effort to identifying and formalising best practice.

The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Listing Rules. The Company has complied with all the provisions in the CG Code during the Year.

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 the required standard for securities transactions by 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 regarding Directors' securities transactions throughout the Year.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 23 April 2008 with written terms of reference adopted by the Company on 29 February 2016 in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprised three members, all being independent non-executive Directors, namely Mr. Lau Fai Lawrence (Chairman), Mr. Lau Yiu Kit and Mr. Ma Sai Yam. The Audit Committee has held meetings with the Company's auditor, BDO Limited to discuss the auditing, risk management and internal control systems and financial reporting matters of the Group. The Audit Committee has reviewed the Group's consolidated financial statements for the Year.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year.

The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The announcement of the Group's annual results for the Year is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the website of the Company at www.artini.com.hk.

The 2022 annual report of the Company will be dispatched to the Shareholders and will be made available on the above websites in due course.

CHANGE OF ADDRESS OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Board announces that with effect from 30 June 2022, the address of the principal place of business of the Company in Hong Kong will be changed to Office 3, 17/F, Shun Feng International Centre, No. 182 Queen's Road East, Wan Chai, Hong Kong. The telephone and facsimile numbers of the Company will remain unchanged.

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

Hong Kong, 27 June 2022

As at the date of this announcement, the executive directors of the Company are Mr. Tse Hoi Chau (Chairman), 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.