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 2020

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 2020 (the "Year"), together with comparative figures for the preceding financial year ended 31 March 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

		2020	2019
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**227,568**	271,287
Cost of sales		**(171,993)**	(185,321)
Gross profit		**55,575**	85,966
Other income	*5*	**298**	444
Other gains and losses, net	*6*	**(68)**	(1,915)
Net gains on disposals of subsidiaries		**–**	7,577
Selling and distribution expenses		**(17,349)**	(22,032)
Administrative expenses		**(25,210)**	(29,320)
Finance costs	*7*	**(75)**	(7)
Profit before income tax	*8*	**13,171**	40,713
Income tax expense	*9*	**(2,190)**	(9,670)
Profit for the year		**10,981**	31,043

	Notes	**2020** ***HK$'000***	2019 *HK$'000*
Other comprehensive expense:			
Items that may be reclassified subsequently to profit and loss:			
Exchange differences arising on translation of foreign operations		**(7,577)**	(4,723)
Other comprehensive expense for the year, net of income tax		**(7,577)**	(4,723)
Total comprehensive income for the year		**3,404**	26,320
Earnings per share			
– Basic and diluted (HK$)	*11*	**0.002**	0.006

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**816**	1,315
Goodwill		**2,534**	2,534
Right-of-use assets		**741**	–
Intangible assets		**31,021**	31,058
		35,112	34,907
CURRENT ASSETS			
Inventories		**64,345**	37,492
Trade and other receivables	*12*	**50,473**	46,986
Amount due from a director		**–**	273
Cash and bank balances		**49,042**	88,328
		163,860	173,079
CURRENT LIABILITIES			
Trade and other payables	*13*	**7,880**	29,954
Contract liabilities		**9,164**	503
Lease liabilities		**865**	–
Income tax payable		**19,154**	18,970
Obligations under finance lease		**–**	45
		37,063	49,472
NET CURRENT ASSETS		**126,797**	123,607
TOTAL ASSETS LESS CURRENT LIABILITIES		**161,909**	158,514
NON-CURRENT LIABILITY			
Deferred tax liabilities		**5**	14
		5	14
NET ASSETS		**161,904**	158,500
CAPITAL AND RESERVES			
Share capital		**55,198**	55,198
Reserves		**106,706**	103,302
TOTAL EQUITY		**161,904**	158,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. GENERAL INFORMATION

Artini Holdings Limited (formally known as Primeview Holdings Limited) (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. The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business is Unit D, 16/F, Eton Building, 288 Des Voeux Road Central, Sheung Wan, 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 NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Application of new/revised HKFRSs – effective 1 April 2019

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features and Negative Compensation
Amendments to HKFRS 3 and HKAS 12	Annual Improvements to HKFRSs 2015-2017 Cycle

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

A. *HKFRS 16 "Leases"*

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 "Leases" ("HKAS 17"), HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease", HK(SIC)-Int 15 "Operating Leases–Incentives" and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". From a lessee's perspective, almost all leases are recognised in the consolidated statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its impact of the adoption of HKFRS 16, the new definition of a lease, accounting as a lessee and the transition method adopted by the Group, please refer to section (i) to (iv) of this note.

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. The adoption of HKFRS 16 has had no impact on the retained earnings of the Group and comparative information has not been restated.

The following tables summarised the impact of transition to HKFRS 16 on consolidated statement of financial position as of 31 March 2019 to that of 1 April 2019 as follows (increase/(decrease)):

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

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 March 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 April 2019:

	At 1 April 2019
	HK$'000
Operating lease commitments disclosed as at 31 March 2019	2,914
Less: future interest expenses	(119)
lease included change in consideration at the date of initial application	(263)
lease included change in lease term at the date of initial application	(335)
recognition exemption – short-term leases	(53)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	2,144

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 April 2019 is 4.88%.

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group applied practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group also recognised the right-of-use assets and the lease liabilities at the date of commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value.

The Group has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use assets arising from the properties under tenancy agreements are carried at depreciated cost.

The Group presented the right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

(i) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and (ii) the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

(iv) Transition

As mentioned above, the Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by accrued lease payments. The adoption of HKFRS 16 has had no impact on the retained earnings of the Group and comparative information has not been restated.

The Group has recognised the lease liabilities at the date of 1 April 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 April 2019.

The Group has elected to recognise all the right-of-use assets at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 March 2019. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 April 2019 to assess if there was any impairment as on that date.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise the right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (1 April 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 April 2019; and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int4.

B. Others

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

Annual Improvements to HKFRSs 2015-2018 Cycle – Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015-2018 Cycle – Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

(b) New/revised HKFRSs that have been issued but not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's 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	Definition of a business[1]
Amendments to HKAS 1 and HKAS 8	Definition of material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]

1 Effective for annual periods beginning on or after 1 January 2020

2 The amendments were originally intended to be effective for periods beginning on or after 1 January 2018. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

Amendments to HKFRS 3 – Definition of a business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKAS 1 and HKAS 8 – Definition of material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. BASIS OF PREPARATION

(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.

(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 2020 and 2019.

b. Segment information

The Group's operating segments, based on information reported to the board of directors of the Company, 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 2020 and 2019 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 *HK$000*	**Others** *HK$000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Year ended 31 March 2020				
Revenue				
Segment revenue – external sales	204,142	23,426	–	227,568
Results				
Segment results	27,604	2,975	–	30,579
Unallocated income				44
Unallocated expenses				
– Auditor's remuneration				(730)
– Depreciation of right-of-use assets				(272)
– Salaries and retirement benefit scheme				(3,007)
– Other professional fee				(9,250)
– Unallocated expenses				(4,186)
– Finance cost				(7)
Profit before income tax				13,171
Assets				
Segment assets	119,367	21,849		141,216
Unallocated assets				
– Property, plant and equipment				625
– Right-of-use assets				160
– Intangible assets				31,020
– Other receivables, prepayment and deposit				86
– Cash and bank balances				25,865
Total assets				198,972
Liabilities				
Segment liabilities	(24,665)	(3,464)		(28,129)
Unallocated liabilities				
– Other payables and accruals				(4,759)
– Lease liabilities				(162)
– Others				(4,018)
Total liabilities				(37,068)
Other information				
Depreciation of property, plant and equipment	–	(222)	(291)	(513)
Depreciation of right-of-use assets	–	(797)	(272)	(1,069)
Amortisation of intangible assets	–	–	(37)	(37)

	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 2019				
Revenue				
Segment revenue – external sales	229,985	41,302	–	271,287
Results				
Segment results	46,990	5,511	–	52,501
Unallocated income				127
Net gains on disposal of the subsidiaries				7,577
Unallocated expenses				
– Auditor's remuneration				(1,100)
– Rental expenses				(433)
– Salaries and retirement benefit scheme				(3,803)
– Other professional fee				(9,724)
– Unallocated expenses				(4,425)
– Finance cost				(7)
Profit before income tax				40,713
Assets				
Segment assets	122,668	36,187		158,855
Unallocated assets				
– Property, plant and equipment				907
– Intangible assets				31,057
– Other receivables, prepayment and deposit				84
– Cash and bank balances				17,083
Total assets				207,986
Liabilities				
Segment liabilities	(28,691)	(7,599)		(36,290)
Unallocated liabilities				
– Other payables and accruals				(5,727)
– Obligations under finance lease				(45)
– Others				(7,424)
Total liabilities				(49,486)
Other information				
Depreciation of property, plant and equipment	–	(213)	(412)	(625)
Amortisation of intangible assets	–	–	(36)	(36)
Gain on disposal of property, plant and equipment	–	–	110	110

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 2020 and 2019.

Segment results represent the 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, lease liabilities and deferred tax 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:

	2020	2019
	HK$'000	*HK$'000*
Hong Kong and Macao	**2,756**	9,547
The PRC, other than Hong Kong and Macao	**19,116**	30,857
Russia	**39,779**	63,715
America	**143,616**	114,263
Asian	**5,320**	10,873
Africa	**502**	2,557
Europe	**13,109**	30,748
Middle East	**88**	2,466
Australia	**3,282**	6,261
	227,568	271,287

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

	2020	2019
	HK$'000	*HK$'000*
Hong Kong and Macao	**783**	907
The PRC, other than Hong Kong and Macao	**34,329**	34,000
	35,112	34,907

c. Information about major customers

There is no single customer which contributed to 10% or more revenue to the Group's revenue for the year ended 31 March 2020 (2019: nil).

5. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Interest income	**81**	204
Others	**217**	240
	298	444

6. OTHER GAINS AND LOSSES, NET

	2020	2019
	HK$'000	*HK$'000*
Other gains and (losses), net comprise of:		
Net exchange losses	**(68)**	(2,025)
Net gain on disposal of property, plant and equipment	**–**	110
	(68)	(1,915)

7. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on lease liabilities	**75**	–
Interest on obligations under finance lease	**–**	7
	75	7

8. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	2020	2019
	HK$'000	*HK$'000*
Staff costs (included directors' remuneration)		
Salaries, wages and other benefits	**8,703**	8,943
Contributions to defined contribution retirement plans	**716**	699
	9,419	9,642
Cost of inventories recognised as an expense	**171,993**	185,321
Depreciation of property, plant and equipment	**513**	625
Depreciation of right-of-use assets	**1,069**	–
Amortisation of intangible assets	**37**	36
Auditor's remuneration	**730**	1,100
Short-term leases expenses	**100**	–
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	**–**	1,456

9. INCOME TAX EXPENSE

	2020	2019
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– Current year	**2,921**	9,678
– (Over)/under-provision in prior years	**(722)**	1
	2,199	9,679
Deferred tax		
– Current year	**(9)**	(9)
Income tax expense	**2,190**	9,670

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 2020 and 2019 is provided based on the Regime.

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% (2019: 25%) for the year.

10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2020, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year of approximately HK$10,981,000 (2019: HK$31,043,000) and the weighted average of approximately 5,519,840,000 (2019: approximately 5,519,840,000) ordinary shares of the Company in issue during the year.

The basic and diluted earnings per share are the same for the years ended 31 March 2020 and 2019 as the exercise of outstanding share options during the years would have anti-dilutive effect on the earnings per share.

12. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**3,649**	10,305
Less: Allowances	**–**	–
Trade receivables, net	**3,649**	10,305
Trade and other deposits paid	**43,613**	36,307
Prepayments	**2,859**	26
Other receivables, net of allowances	**352**	348
	46,824	36,681
	50,473	46,986

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 2020 and 2019, included in other receivables were receivables from a few independent third parties.

The Group generally allows an average credit period of 30 to 60 days (2019: 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:

	2020	2019
	HK$'000	*HK$'000*
0 – 30 days	**2,662**	9,187
31 – 60 days	**198**	1,019
61 – 90 days	**200**	13
91 – 180 days	**577**	80
181 – 365 days	**12**	6
	3,649	10,305

13. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**2,319**	19,569
Other tax payables	**3,174**	3,277
Payrolls and staff cost payables	**788**	692
Other payables and accruals	**1,599**	6,416
	7,880	29,954

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 (2019: 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:

	2020	2019
	HK$'000	*HK$'000*
Within 3 months	**1,921**	14,028
More than 3 month less than 1 year	**223**	5,275
Over 1 year	**175**	266
	2,319	19,569

14. SUBSEQUENT EVENT

After the outbreak of coronavirus disease 2019 ("COVID-19 outbreak") 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 COVID-19 outbreak 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.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the Year, the Group recorded a total revenue of approximately HK$227,568,000 (2019: HK$271,287,000). Gross profit was approximately HK$55,575,000 (2019: HK$85,966,000) for the Year and profit for the Year amounted to approximately HK$10,981,000 (2019: HK$31,043,000).

BUSINESS REVIEW

The Group mainly engaged in fashion accessories business.

Due to the change in customers' shopping behavior in the PRC and to minimise incurring of fixed costs in operating brick and mortar shops, in recent years the Group has gradually shifted its business strategy in the fashion accessories business from operating physical retail shops to distribution via other channels such as online platforms. Since September 2016, the Group closed down all its retailing points. In late 2017, the Group commenced the wholesale of fashion accessories products through the self-operated online platform (the "Online Wholesale Platform"), and the development of its new business model of integrated fashion accessories platform business.

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

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

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

During the Year, the Group's fashion accessories business generated revenue of approximately HK$227,568,000 (2019: HK$271,287,000), representing a drop of approximately 16.1% as a result of the outbreak of novel coronavirus ("COVID-19") epidemic (the "Epidemic").

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

PROSPECTS

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

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

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

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

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

FINANCIAL REVIEW

Revenue

Revenue of the Group for the Year amounted to approximately HK$227,568,000 (2019: HK$271,287,000), representing a decrease of approximately 16.1% from that of 2019. The decrease in the Group's revenue during the Year was mainly due to the outbreak of Epidemic in January 2020 with the decrease in the total number of customers and transactions. Details of which are as set out under the section headed "Business Review".

Gross profit

The Group's gross profit for the Year was approximately HK$55,575,000 (2019: HK$85,966,000), representing a decrease of approximately 35.4%. The decrease is mainly attributable to the decrease in revenue resulted from the impact of Epidemic and the increase in the unit cost of products from product upgrade and packaging improvement without charging customers a higher price.

Net gains on disposals of subsidiaries

The Group's net gains on disposals of subsidiaries for the Year ended 31 March 2019 of approximately HK$7,577,000 represented a gain on disposal of 100% equity interest in Huan Hai Limited ("HHL") of approximately HK$8,500,000, net off against a loss on disposal of 100% equity interest in Ho Easy Limited of approximately HK$923,000. No such gain for the Year as the Group has no disposals of subsidiaries during the Year.

Selling and distribution expenses

The Group's selling and distribution expenses for the Year was approximately HK$17,349,000 (2019: HK$22,032,000), representing a decrease of approximately 21.3%. The decrease in the Group's selling and distribution expenses during the Year was mainly attributable to the decrease in the distribution costs such as logistics and shipping costs and the marketing and promotion expenses for the Group's fashion accessories business in the Year, and is in line with the decrease in the Group's revenue.

Administrative expenses

The Group's administrative expenses for the Year was approximately HK$25,210,000 (2019: HK$29,320,000), representing a decrease of approximately 14.0%. The decrease in the Group's administrative expenses was mainly attributable to the absence of consultancy fee paid for the disposal of HHL of approximately HK$3.3 million recognised in last financial year and the management's effort to adopt a series of effective cost control measures.

Profit for the Year

As a result of the foregoing, the Group's profit for the Year was approximately HK$10,981,000 (2019: HK$31,043,000).

Dividend

The Board does not recommend the payment of any final dividend for the Year (2019: 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 2020 and 2019, 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 2020, the Group had 48 employees (2019: 57), and the total staff cost including Directors' emoluments amounted to approximately HK$9,419,000 (2019: HK$9,642,000). 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 2020, the Group had cash and cash equivalents of approximately HK$49,042,000 (2019: HK$88,328,000). As at 31 March 2020 and 2019, 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 22.9% as at 31 March 2020 (2019: 31.2%).

Capital commitments

As at 31 March 2020 and 2019, the Group did not have any significant capital commitments.

Contingent liabilities

As at 31 March 2020 and 2019, the Group had no significant contingent liabilities.

EVENTS AFTER THE YEAR

Save as disclosed in note 14 to the consolidated financial statements, up to the date of this announcement, there was no significant event subsequent to 31 March 2020.

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.

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. Save as disclosed below, the Company has complied with all the provisions in the CG Code during the Year.

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

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

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as 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 2020 annual report of the Company will be dispatched to the Shareholders and will be made available on the above websites in due course.

PROFIT GUARANTEE

Mr. Tse Hoi Chau ("Mr. Tse"), regards the integrated fashion accessories platform business a revitalisation of the Group's fashion accessories businesses, which had been in business for decades. As a vote of confidence in the Group's financial performance, Mr. Tse has personally provided a profit guarantee (the "Profit Guarantee") in favour of the Company in October 2018, pursuant to which Mr. Tse has guaranteed in favour of the Company that the audited consolidated net profit after tax (excluding non-recurring and extraordinary items and non-cash income and minority interests) of the Group (the "Adjusted Net Profit") for the years ending 31 March 2019 and 31 March 2020 shall be no less than HK$23.0 million and HK$24.0 million respectively. In the event the Adjusted Net Profit has fallen short of the Profit Guarantee, Mr. Tse shall pay to the Company for the shortfall on a dollar-to-dollar basis in cash.

The Adjusted Net Profit for the year ended 31 March 2019 was approximately HK$32.9 million. As such, the Profit Guarantee in relation to the Adjusted Net Profit for the year ended 31 March 2019 had been fulfilled.

The Adjusted Net Profit for the Year is approximately HK$20.8 million. Due to the impact of Epidemic, the performance of the Group for the Year was not as expected, therefore the Adjusted Net Profit did not meet the Profit Guarantee. Compensation of approximately HK$3.2 million is required to be paid by Mr. Tse to the Company.

FULFILLMENT OF RESUMPTION CONDITIONS AND RESUMPTION OF TRADING

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

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

Hong Kong, 26 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.