ARTINI

ARTINI CHINA CO. LTD.
雅天妮中國有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 789)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

The board (the "Board") of directors (the "Directors") of Artini China Co. Ltd. (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2015, together with comparative figures for the preceding financial year ended 31 March 2014, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2015

	Notes	**2015** **HK$'000**	2014 *HK$'000*
Turnover	3	**77,707**	173,236
Cost of sales		**(96,395)**	(155,021)
Gross (loss) profit		**(18,688)**	18,215
Other income	4	**486**	1,262
Other gains and losses	5	**(15,116)**	(15,010)
Gains (losses) on disposals of property, plant and equipment		**42,897**	(279)
Net gains on disposals of subsidiaries		**39,312**	474
Selling and distribution expenses		**(97,796)**	(30,589)
Administrative expenses		**(39,919)**	(78,305)
Finance costs	6	**(2,148)**	(1,346)
Loss before tax	7	**(90,972)**	(105,578)
Income tax expense	9	**(18)**	(2,742)
Loss for the year		**(90,990)**	(108,320)
Attributable to:			
– Owners of the Company		**(90,990)**	(108,299)
– Non-controlling interests		**–**	(21)
Loss for the year		**(90,990)**	(108,320)
			(Restated)
Loss per share	10		
– Basic *(HK$)*		**(0.080)**	(0.175)
– Diluted *(HK$)*		**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	2015	2014
	HK$'000	*HK$'000*
Loss for the year	**(90,990)**	(108,320)
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**123**	1,658
Release of translation reserve upon disposals of subsidiaries	**(21,474)**	(50)
	(21,351)	1,608
Total comprehensive expense for the year	**(112,341)**	(106,712)
Total comprehensive expense attributable to:		
– Owners of the Company	**(112,341)**	(106,691)
– Non-controlling interests	**–**	(21)
Total comprehensive expense for the year	**(112,341)**	(106,712)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,607**	32,772
Prepaid lease payments – non-current portion		**–**	7,717
Investment properties		**8,901**	9,090
Intangible assets		**–**	–
Deferred tax assets		**63**	628
Trade and other receivables – non-current portion	*11*	**–**	954
		10,571	51,161
CURRENT ASSETS			
Inventories		**3,515**	12,864
Trade and other receivables	*11*	**19,154**	49,657
Prepaid lease payments		**–**	551
Amounts due from related companies		**–**	129
Tax recoverable		**–**	19
Pledged bank deposits and cash and cash equivalents		**122,822**	11,717
		145,491	74,937
CURRENT LIABILITIES			
Trade and other payables	*12*	**25,794**	37,484
Amount due to a related company		**–**	20
Tax liabilities		**159**	2,693
Borrowings		**–**	26,350
		25,953	66,547
NET CURRENT ASSETS		**119,538**	8,390
TOTAL ASSETS LESS CURRENT LIABILITIES		**130,109**	59,551
NON-CURRENT LIABILITY			
Deferred tax liabilities		**–**	148
NET ASSETS		**130,109**	59,403
CAPITAL AND RESERVES			
Share capital		**24,746**	123,732
Reserves		**105,363**	(64,329)
Equity attributable to owners of the Company		**130,109**	59,403
Non-controlling interests		**–**	–
TOTAL EQUITY		**130,109**	59,403

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. GENERAL INFORMATION

Artini China Co. Ltd. (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 consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

The Company acts as an investment holding company. The Group is principally engaged in the design, retailing and distribution and concurrent design manufacturing ("CDM") of fashion accessories.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKRFSs") AND NEW HONG KONG COMPANIES ORDINANCE

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

New and amended standards and interpretations that are mandatorily effective for the current year

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC*) – Int 21	Levies

* IFRIC represents the International Financial Reporting Interpretations Committee.

The directors of the Company (the "Directors") consider that the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 31 December 2015 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs and HKASs that have been issued but are not yet effective:

HKAS 1	Presentation of Financial Statements[2]
HKFRS 9	Financial Instruments[4]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 19	Defined Benefits Plans: Employee Contributions[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]

1 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application permitted.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets; and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt investments that are held within a business whose objective is achieved both by collecting contractual cash flows and selling financial assets, and have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments or principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 adopts an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the financial effect on the Group's financial statements until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the financial effect until the Group performs a detailed review.

Except as described above, the Directors consider that the application of the other new and revised HKFRSs and amendments is unlikely to have a material impact on the Group's financial position and performance as well as disclosure.

3. REVENUE AND SEGMENT INFORMATION

a. Revenue

Turnover represents the net amounts received and receivables that are derived from sales of goods to customers during the year.

b. Segment Information

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

Prior to the disposal of TCK Company Limited and its subsidiary (the "TCK Group"), the Group's reportable and operating segments were as follows:

Retailing and Distribution:	The manufacture and sale of own brand fashion accessories
CDM Sales:	Manufacturing depending on the customer's chosen level of participation in the design process, concurrently works with its customer in designing the products and produces the same according to the customer's desired final design

Upon the completion on the disposal of TCK Group, which was mainly the manufacturing arm of the Group, during the year ended 31 March 2015, the Company changed its reportable and operating segments as follows:

Retailing and Distribution:	Sale of own brand fashion accessories
CDM Sales:	Sale of the customer's chosen level of participation in the design process, concurrently works with its customer in designing the products and sales the same according to the customer's desired final design

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:

	Retailing and Distribution					
	Mainland China	Hong Kong	Sub-total	CDM Sales	Eliminations/ unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2014						
Revenue						
External sales	39,180	9,869	49,049	124,187	–	173,236
Internal sales	–	–	–	8,165	(8,165)	–
Segment revenue	39,180	9,869	49,049	132,352	(8,165)	173,236
Results						
Segment results	(22,574)	(4,313)	(26,887)	(52,261)	–	(79,148)
Unallocated income						4,714
Unallocated expenses						(31,144)
Loss before tax						(105,578)

	Retailing and Distribution					
	Mainland China *HK$'000*	Hong Kong *HK$'000*	Sub-total *HK$'000*	CDM Sales *HK$'000*	Eliminations/ unallocated *HK$'000*	Consolidated *HK$'000*
Assets						
Segment assets	31,673	20,994	52,667	356,706	(313,264)	96,109
Investment properties						9,090
Unallocated assets						20,899
Total assets						126,098
Liabilities						
Segment liabilities	79,109	82,258	161,367	266,767	(391,463)	36,671
Unallocated liabilities						30,024
Total liabilities						66,695
Other information						
Depreciation of property, plant and equipment	1,297	117	1,414	3,976	1,970	7,360
Depreciation of investment properties	–	–	–	–	813	813
Amortisation of prepaid lease payments	–	–	–	539	–	539
Impairment losses recognised in respect of trade receivables	553	21	574	3,234	100	3,908
Reversal of impairment losses recognised in respect of other receivables	(691)	–	(691)	–	(76)	(767)
Impairment losses recognised in respect of intangible assets	–	1,247	1,247	–	–	1,247
Impairment losses recognised in respect of inventories	11,905	602	12,507	8,482	–	20,989
Additions to property, plant and equipment	2,004	–	2,004	1,948	1,912	5,864
Losses (gains) on disposals of property, plant and equipment	–	–	–	297	(18)	279
Written-off of property, plant and equipment	2,536	–	2,536	11,064	–	13,600
Net gains on disposals of investment properties	–	–	–	–	(1,996)	(1,996)
Net gain on disposal of subsidiaries	–	–	–	–	(474)	(474)

	Retailing and Distribution					
	Mainland China	**Hong Kong**	**Sub-total**	**CDM Sales**	**Eliminations/ unallocated**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2015						
Revenue						
External sales	**5,524**	**2,588**	**8,112**	**69,595**	**–**	**77,707**
Internal sales	**–**	**–**	**–**	**1,783**	**(1,783)**	**–**
Segment revenue	**5,524**	**2,588**	**8,112**	**71,378**	**(1,783)**	**77,707**
Results						
Segment results	**(20,093)**	**(7,576)**	**(27,669)**	**(116,314)**	**–**	**(143,983)**
Unallocated income						**77,516**
Unallocated expenses						**(24,505)**
Loss before tax						**(90,972)**
Assets						
Segment assets	**63,473**	**19,660**	**83,133**	**129,810**	**(125,944)**	**86,999**
Investment properties						**8,901**
Unallocated assets						**60,162**
Total assets						**156,062**
Liabilities						
Segment liabilities	**133,727**	**61,677**	**195,404**	**158,012**	**(329,370)**	**24,046**
Unallocated liabilities						**1,907**
Total liabilities						**25,953**

	Retailing and Distribution					
	Mainland China	Hong Kong	Sub-total	CDM Sales	Eliminations/ unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Other information						
Depreciation of property, plant and equipment	**1,458**	**38**	**1,496**	**877**	**1,447**	**3,820**
Depreciation of investment properties	**–**	**–**	**–**	**–**	**293**	**293**
Amortisation of prepaid lease payments	**–**	**–**	**–**	**401**	**–**	**401**
Impairment losses recognised in respect of trade receivables	**358**	**38**	**396**	**7,031**	**–**	**7,427**
Impairment losses recognised in respect of other receivables	**2,691**	**–**	**2,691**	**289**	**495**	**3,475**
Impairment losses recognised in respect of inventories	**1,981**	**115**	**2,096**	**1,502**	**–**	**3,598**
Additions to property, plant and equipment	**1,590**	**489**	**2,079**	**–**	**–**	**2,079**
Net gains on disposals of property, plant and equipment	**–**	**(5,673)**	**(5,673)**	**(155)**	**(37,069)**	**(42,897)**
Written-off of property, plant and equipment	**2,905**	**314**	**3,219**	**–**	**2,277**	**5,496**
Net gain on disposals of subsidiaries	**–**	**–**	**–**	**–**	**(39,312)**	**(39,312)**

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. Internal sales represented transactions between the Group's subsidiaries in the Retailing and Distribution segment and the CDM Sales segment of HK$1,783,000 (2014: HK$8,165,000).

Segment results represent the profit or loss earned or incurred by each segment without allocation of items not directly related to the relevant segments. This is the measure reported to CDM 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 investment properties, tax recoverable, deferred tax assets, certain property, plant and equipment, other receivables, pledged bank deposits and cash and cash equivalents.

- All liabilities are allocated to reportable and operating segments other than tax liabilities, deferred tax liabilities, certain other payables and borrowings.

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:

	2015	2014
	HK$'000	*HK$'000*
Europe	**48,835**	72,501
Hong Kong and Macao	**6,379**	17,207
The PRC, other than Hong Kong and Macao	**9,445**	42,316
Americas	**8,861**	31,178
Others	**4,187**	10,034
	77,707	173,236

The following table provides an analysis of the Group's non-current assets, excluding deferred tax assets and financial instruments based on the geographical location of the assets:

	2015	2014
	HK$'000	*HK$'000*
Hong Kong and Macao	**203**	10,701
The PRC, other than Hong Kong and Macao	**10,305**	38,878
	10,508	49,579

c. Information about major customers

The following table sets forth a breakdown of the Group's customers individually accounted for over 10% of the Group's total revenue during the year:

	Reportable and operating segments	**2015**	2014
		HK$'000	*HK$'000*
Customer A	CDM Sales	**26,557**	26,175

4. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Other income comprises of:		
Interest income	**25**	45
Licence fee	**–**	105
Rental income, less direct outgoing	**20**	896
Others	**441**	216
	486	1,262

5. OTHER GAINS AND LOSSES

	2015	2014
	HK$'000	*HK$'000*
Other gains and losses comprise of:		
Net exchange (losses) gains	**(23)**	982
Waiver of other payables	**1,305**	–
Written-off of property plant and equipment	**(5,496)**	(13,600)
Net gains on disposals of investment properties	**–**	1,996
Impairment losses recognised in respect of trade receivables	**(7,427)**	(3,908)
(Impairment losses) reversal of recognised in respect of other receivables	**(3,475)**	767
Impairment losses recognised in respect of intangible assets	**–**	(1,247)
	(15,116)	(15,010)

6. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Finance costs comprise of:		
– Finance leases charge	**–**	26
– Interest on borrowings wholly repayable within five years	**2,148**	1,320
	2,148	1,346

7. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	2015	2014
	HK$'000	*HK$'000*
Staff costs (included directors' remuneration):		
Salaries, wages and other benefits	**23,498**	62,250
Share-based payment expenses for the Directors and employees	**–**	5,740
Contributions to defined contribution retirement plans	**900**	3,363
	24,398	71,353
Cost of inventories recognised as an expense, including impairment losses recognised in respect of inventories of approximately HK$3,598,000 (2014: HK$20,989,000)	**96,395**	155,021
Depreciation of property, plant and equipment	**3,820**	7,360
Depreciation of investment properties	**293**	813
Amortisation of prepaid lease payments	**401**	539
Share-based payment expenses for consultants	**–**	8,100
Auditor's remuneration	**700**	700
Operating leases charges in respect of office premises, shops and Directors' quarters	**9,726**	19,627

8. DIVIDEND

No dividend has been paid or proposed by the Company during the year ended 31 March 2015, nor has any dividend been proposed since the end of the reporting period (2014: Nil).

9. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– Current year	**(159)**	(692)
– Over provision in respect of prior years	**604**	247
	445	(445)
PRC Enterprise Income Tax ("PRC EIT")		
– Under provision in respect of prior years	**–**	(980)
Deferred tax		
– Current year	**(463)**	(1,317)
Income tax expense	**(18)**	(2,742)

Hong Kong Profits Tax is calculated at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the year.

Macao Complementary Tax is calculated at the maximum progressive rate of 12% (2014: 12%) on the estimated assessable profits arising from Macao for the year.

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% (2014: 25%) for the year.

Arts Empire Macao Commercial Offshore Limited was established as a Macao offshore company under the Macao Offshore Law and is exempted from Macao Complementary Tax. No provision for Macao Complementary Tax and PRC EIT has been made in the consolidated financial statements as the other relevant group entities incurred tax losses.

Other than the group entities incorporated in Macao and the PRC, no provision for profits taxes have been provided for as no assessable profits were generated in other jurisdictions.

10. LOSS PER SHARE

The calculation of basic loss per share attributable to the owners of the Company is based on the consolidated loss for the year attributable to the owners of the Company of approximately HK$90,990,000 (2014: HK$108,299,000) and the weighted average of approximately 1,142,403,000 (2014: 618,660,000, restated and see Note below) ordinary shares of the Company in issue during the year.

Diluted loss per share for the years ended 31 March 2015 and 31 March 2014 is not presented because the exercise of outstanding share options during the years have anti-dilutive effect on the basic loss per share.

Note: The weighted average number of ordinary shares for the year ended 31 March 2014 for the purpose of basic earnings per share has been restated for share consolidation during the year ended 31 March 2015.

11. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**20,980**	34,701
Less: Allowances	**(17,677)**	(10,240)
Trade receivables, net	**3,303**	24,461
Rental deposits	**2,250**	3,346
Advances to suppliers	**–**	11,760
Advances to staff	**804**	1,172
Receivable from disposals of subsidiaries	**100**	2,411
Other receivables	**12,697**	7,461
	15,851	26,150
	19,154	50,611
Analysis for reporting purposes as:		
– Non-current assets	**–**	954
– Current assets	**19,154**	49,657
	19,154	50,611

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.

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

	2015	2014
	HK$'000	*HK$'000*
0-30 days	**308**	9,199
31-60 days	**–**	2,342
61-90 days	**2,837**	4,246
Over 90 days	**158**	8,674
	3,303	24,461

The aging analysis of trade receivables which are past due but not impaired is as follows:

	2015	2014
	HK$'000	*HK$'000*
Less than 3 months past due	**–**	6,816
3 to 6 months past due	**–**	2,931
Over 6 months past due	**158**	3,370
	158	13,117

12. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**4,094**	6,035
Receipts in advance	**6,430**	4,491
Value added tax and other tax payables	**13**	2,490
Payrolls and staff cost payables	**819**	9,098
Advances from third parties	**–**	4,000
Other payables	**14,438**	11,370
	25,794	37,484

The Group's trade payables principally comprise amounts outstanding for trade purchases. Payment terms with suppliers are mainly on credit term of 30 days (2014: 30 days).

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

	2015	2014
	HK$'000	*HK$'000*
Within 3 months	**1,083**	4,844
3 to 6 months	**–**	347
More than 6 months but less than 1 year	**–**	510
Over 1 year	**3,011**	334
	4,094	6,035

13. RESTATEMENT OF COMPARATIVES

In prior years, the "gains (losses) on disposals of property, plant and equipment" and "net gains on disposals of subsidiaries" were classified under "other gains and losses". In the current year, the Directors have determined that the "gains (losses) on disposals of property, plant and equipment" and "net gains on disposals of subsidiaries" as two separate items in the consolidated statement of profit or loss. Accordingly, the comparatives of the consolidated statement of profit or loss are restated: "gains (losses) on disposals of property, plant and equipment" of approximately HK$279,000 and "net gains on disposals of subsidiaries" of approximately HK$474,000 were reclassified out of "other gains and losses".

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 March 2015 (the "Year"), the Group recorded a total turnover of approximately HK$77,707,000 (2014: approximately HK$173,236,000), representing a decrease of approximately 55.1% as compared with last year. The decrease was mainly due to the intense market competition in Hong Kong and the Mainland China, and the sluggish performance of the European economy. Gross loss was approximately HK$18,688,000 while the gross profits were approximately HK$18,215,000 in 2014. During the Year, loss attributable to the owners of the Company was approximately HK$90,990,000 (2014: approximately HK$108,299,000). Basic loss per share was approximately HK$0.080 (2014: approximately HK$0.175 (restated)).

Retail Business

Our retailing sales in PRC was decreased from approximately HK$39,180,000 in 2014 to approximately HK$5,524,000 in 2015, due to our strategic change in our new retailing business plan. As at 31 March 2015, the Group had a total of approximately 5 retail points (2014: approximately 15 retail points) throughout the PRC and Hong Kong covering approximately 5 cities (2014: approximately 5 cities). During the Year, the retail business recorded a turnover of approximately HK$8,112,000 (2014: approximately HK$49,049,000), accounting for approximately 10.4% of the Group's total turnover and representing a decrease of approximately 83.5% as compared with last year.

During the year, the Company restructured the location of shops, including closure of shops in high-end shopping malls with significant losses, and looking for shops in second-line malls in the cities, with lower rental expenses.

As at 31 March 2015, the number of VIP customers of "Artini" was approximately 140,000 (2014: approximately 132,000), representing an increase of approximately 6% over last year. The Group believed that loyal customers contributed a key portion of the Group's revenue. By analyzing the shopping habits of our VIP customers and thereby understanding their preferences, the Group has consistently developed new series of products and strategically organised promotional activities to raise brand awareness among its existing and potential customers.

Concurrent Design Manufacturing ("CDM") Business

Before the disposal of the manufacturing subsidiaries, the Group maintained close cooperation with internationally renowned brands to concurrently design and manufacture their branded products, and ultimately export and distribute these products worldwide. Such internationally renowned brands include Marks & Spencer, Disney, Vivienne Westwood, Debenhams and Tchibo.

Due to the keen competition from manufacturers in Asia Pacific regions and continuously week economic in Europe market, one of principal market of our group, the performance of CDM business are unsatisfactory.

During the Year, the export business was affected by the intense market competition in Hong Kong, the uncertain economic prospects in Europe, and the consequent drop in demand for imports. As a result, the Group's CDM business recorded a turnover of approximately HK$69,595,000 (2014: approximately HK$124,187,000), representing an approximately 44.0% drop, compared with those in year ended 31 March 2014.

After disposal of the manufacturing subsidiaries, due to difficulties in fulfilling the requirements of some major customers, the turnover of the export decreased significantly. As a result, the performance of export business worsen in second half year.

Prospects

In the past year, the retail market remained sluggish as policies in the PRC exerted significant impact on the luxury goods market, resulting in a mounting challenge for the Group. Underperforming stores were strategically closed down and the expansion pace for physical stores was slowed down so as to reduce losses. Human resources and production resources were dedicated to existing stores to focus on shaping product style and improving product craftsmanship. The Group revisited the "ARTINI" style and highlighted its strengths in jewelry craftsmanship with almost 30 years of experience. Meanwhile, product management was refined to establish customer-oriented procedures with a view to controlling inventories and reducing capital occupied by production. Through optimised resource allocation and strategic cooperation, production costs were lowered with stream-lined processes, resulting in a smoother and more efficient logistic and supply system. A profit assessment system was implemented for our staff to strive for greater economic benefits for the Company.

In respect of marketing strategies, the Group continued to enhance the establishment and development of its e-commercial platform so as to devise new business models targeting Internet users. It will be crucial for the Group to achieve a business model breakthrough and strength its corporate image in the future.

It is undeniable that the profitability of the retail business has been slashed in light of ever-rising costs and market sentiments. The Group will also prudently consider exploring new business as a new profit growth driver, with a view to ensuring a long-lasting and stable development for the Group as well as boosting values for the shareholders of the Company.

Financial Review

Turnover

Turnover of the Group for the year ended 31 March 2015 amounted to approximately HK$77,707,000, representing a decrease of approximately 55.1% compared to the previous year.

CDM business

CDM business turnover recorded a year-on-year decrease of approximately 44.0% to approximately HK$69,595,000 during the year, accounting for approximately 89.6% of the Group's total turnover (2014: approximately 71.7%). This decrease was mainly due to the intense market competition from other manufacturers, weak demand in Europe market and sales of manufacturing parts of the group during the year.

Retail business

The retail business was one of the two major revenue generators for the year ended 31 March 2015, accounting for approximately 10.4% of the Group's total turnover (2014: approximately 28.3%). During the Year, turnover from our retail business decreased by approximately 83.5% to approximately HK$8,112,000.

Turnover by geographical distribution segments

Turnover of the Group was mainly derived from the PRC, the American, the European, and Hong Kong markets, which accounted for 12.2%, 11.4%, 62.9% and 8.2% of the turnover respectively in 2015, compared to 24.4%, 18.0%, 41.9% and 9.9% in 2014.

Cost of sales

Cost of sales decreased from approximately HK$155,021,000 of last year to approximately HK$96,395,000 for the year ended 31 March 2015, representing a decrease of approximately 37.8% mainly due to the decrease in the size of operation. However, other than the effects on the size of operation, the average cost of sales per unit increased due to significant inflation in general price level and continuous increase in labour cost in Guangdong Province, the location of our factory.

Gross profit/loss

The gross loss of approximately HK$18,688,000 incurred during the year while the gross profit of approximately HK$18,215,000 in 2014. The gross loss was mainly resulted from the continuous increase in the manufacturing cost in Guangdong Province. Meanwhile, due to the keen competition from manufacturers in Asia Pacific region, it is difficult to raise the selling price for compensation of increase in manufacturing cost.

Operating expenses

Operating expenses for the year ended 31 March 2015 accounted for approximately 177.2% of the Group's total sales, compared with 62.9% of last year. They mainly comprised selling and distribution costs of approximately HK$97,796,000 as well as administrative expense of approximately HK$39,919,000.

Selling and distribution costs increased from approximately HK$30,589,000 for the year ended 31 March 2014 to approximately HK$97,796,000 for the year ended 31 March 2015, representing an increase of approximately HK$67,207,000. The increase in selling and distribution costs was mainly promotion and advertising of our brand during the year of 2015. The promotional expenses comprise of online and offline advertising on retailing business increased from approximately HK$4,732,000 in 2014 to approximately HK$77,849,000 in 2015.

The Group's administrative expenses primarily comprised fixed assets depreciation and staff costs including Directors and executives. These expenses decreased from approximately HK$78,305,000 for the year ended 31 March 2014 to approximately HK$39,919,000 for the year ended 31 March 2015, representing a decrease of approximately HK$38,386,000 due to tight cost control on "back office" functions in the group.

Gain (loss) on disposal of property, plant and equipment

During the year, the Group disposed certain properties, resulting in the net gains on disposal of property, plant and equipment approximately HK$42,897,000 while there was losses on disposal of approximately HK$279,000.

Gains on disposals of subsidiaries

During the year, the Group disposed certain subsidiaries, including TCK Group. The total net gains on disposals of all subsidiaries during the year is approximately HK$39,312,000 (2014: HK$474,000).

Loss attributable to owners of the Company

Loss attributable to owners of the Company was approximately HK$90,990,000 (2014: approximately HK$108,299,000) for the year ended 31 March 2015.

Income tax

During the year, the income tax expense of the Group amounted to approximately HK$18,000 (2014: approximately HK$2,742,000). Such decrease is mainly resulted from overprovision of income tax in prior years.

Loss per share

The loss per share decreased from approximately HK$0.175 (restated) for the year ended 31 March 2014 to approximately HK$0.080 for the year ended 31 March 2015.

Dividend

The Board does not recommend the payment of any final dividend for the year ended 31 March 2015 (2014: HK$Nil).

Foreign exchange exposure

The major business activities of the Group take place in the PRC, the United States, Europe and Hong Kong with most transactions settled in Renminbi, United States dollars and Hong Kong dollars. Foreign currency exposure to United States dollars is minimal as Hong Kong dollars is pegged to the United States dollars. During the fiscal year, the exchange rate of Renminbi to Hong Kong dollars remain relatively stable. Accordingly, the Directors consider that the potential foreign exchange exposure of the Group is relatively limited. Moreover, the Group has not used any forward contracts or other derivative products to hedge interest rate or exchange rate risks. The management of the Group will, nonetheless, continue to monitor foreign currency risks and adopt prudent measures as appropriate since our financial policy explicitly prohibits the Group from participating in any speculative activities. During the year, the Group recorded net exchange losses of approximately HK$23,000 (2014: exchange gain of approximately HK$982,000).

Significant Investments and Acquisitions

During the year, the Group did not have any significant investments or acquisitions of subsidiaries. The Group continued to seek opportunities to acquire and cooperate with international customers in order to generate better returns for the shareholders and the Board will decide what the best available source of funding is for the investments and acquisitions when suitable opportunities arise.

Significant Disposal of Manufacturing Subsidiaries

During the year, the Group disposed the TCK Company Limited and its wholly-owned WFOE, with the consideration of approximately HK$16,257,000, in order to minimize the losses arising from the manufacturing parts as a result of the continuous increase in manufacturing cost in Guangdong Province.

Impairment loss on intangible assets

For the year ended 31 March 2015, the impairment loss on intangible assets was nil (2014: HK$1,247,000).

Impairment loss on trade and other receivables

At 31 March 2015, the Group made specific allowance for doubtful debts on trade receivables with amount approximately HK$7,427,000 (2014: approximately HK$3,908,000). The individually impaired receivables related to a customer that was in financial difficulties and the management assessed that the prospect of recovery of the receivables was in doubt. The Group is taking necessary steps including negotiations and legal actions to seek the final settlement of this receivable.

Employees and emoluments

As at 31 March 2015, the Group had approximately 50 employees (2014: approximately 560). To enhance their expertise, product knowledge, marketing skills and overall operational management abilities, the Group organises regular training and development courses for staff, providing them with a competitive remuneration package, including salary, allowance, insurance and commission/bonus. The Group also participated in retirement benefits schemes for its employees in Hong Kong and the PRC.

Liquidity and financial resources

During the year, the Group generally financed its operations with internally generated resources and the own working capital.

Meanwhile the Group has also obtained general banking facilities which were secured by neither legal charge over certain of its properties with an aggregate carrying value of HK$Nil (2014: HK$Nil) nor cross corporate guarantee within the Group. At the end of the reporting period, the general banking facilities available to the Group amounted to approximately HK$754,000 (2014: approximately HK$933,000), the Group did not have any outstanding borrowing (2014: approximately HK$714,000).

The Group monitors its capital structure on the basis of gearing ratio, which is calculated as total liabilities over total assets. The gearing ratio of the Group was approximately 16.6% as at 31 March 2015 (2014: approximately 52.9%). The Group had time deposits and cash balances as at 31 March 2015 amounting to approximately HK$122,822,000 (2014: approximately HK$11,717,000).

The Group continues to adopt a policy of dealing principally with customers with whom the Group has enjoyed a long cooperation relationship so as to minimise credit risk in its business.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2015 (2014: Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 as a whole. The Directors continuously observe the principles of good corporate governance in the interests of shareholders and devote considerable effort to identifying and formalizing 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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). Save as disclosed below and in the interim report 2014 of the Company, the Company has complied with all the provisions in the CG Code during the year ended 31 March 2015.

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 were performed by Mr. Tse Hoi Chau.

The Board considers that vesting the roles of chairman of the Board and chief executive of the Company in the same individual is beneficial to the business prospects and management of the Company. The Board will review the need of appointing suitable candidate to assume the role of chief executive if and when necessary.

Non-compliance with Rule 3.10(1) and 3.21 of the Listing Rules

Pursuant to Rule 3.10(1) and Rule 3.21 of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors and the audit committee must comprise a minimum of three members. The Company was not in compliance with Rule 3.10(1) and Rule 3.21 since the resignation of Mr. Li Youhuan as an independent non-executive Director, chairman of the remuneration committee of the Company, member of the audit committee and the nomination committee of the Company, with effect from 22 August 2014 after which date the number of independent non-executive Directors was reduced to two. In this regard, the Company immediately informed the Stock Exchange and published an announcement on the same date containing the relevant details and reasons for the Company's non-compliance with these requirements. To rectify this, the Company announced on 18 September 2014 that it has appointed Mr. Zeng Zhaohui as an independent non-executive Director with effect from 1 October 2014.

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 ended 31 March 2015.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company undertook an open offer involving the issue of an aggregate of 1,855,980,483 shares, raising proceeds of approximately HK$183 million after expenses. Further particulars of the open offer is set out in the Company's prospectus dated 27 November 2014.

Save as disclosed, the Company did not redeem any of its listed securities during the year ended 31 March 2015 and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities during the year ended 31 March 2015.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 23 April 2008 with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprised three members, all being independent non-executive Directors, namely Mr. Lau Fai Lawerence (Chairman), Mr. Lau Yiu Kit and Mr. Zeng Zhaohui. The Audit Committee has held meetings with the Company's auditor, ZHONGLEI (HK) CPA Company Limited, to discuss the auditing, internal control and financial reporting matters of the Group. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 March 2015 and the interim financial report for the six months ended 30 September 2014.

SCOPE OF WORK OF ZHONGLEI (HK) CPA COMPANY LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2015 as set out in this announcement have been agreed by the Group's auditor, ZHONGLEI (HK) CPA Company Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGLEI (HK) CPA Company 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 ZHONGLEI (HK) CPA Company Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The announcement of the Group's annual results for the year ended 31 March 2015 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-china.com.

The 2015 annual report of the Company will be dispatched to the shareholders of the Company and made available on the above websites in due course.

By order of the Board
Artini China Co. Ltd.
Tse Hoi Chau
Chairman

Hong Kong, 19 June 2015

As at the date of this announcement, the executive directors of the Company are Mr. Tse Hoi Chau (Chairman) and Mr. Lin Shao Hua; and the independent non-executive directors of the Company are Mr. Lau Fai Lawrence, Mr. Lau Yiu Kit and Mr. Zeng Zhaohui.