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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 2024

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 2024 (the “**Year**”), together with comparative figures for the preceding financial year ended 31 March 2023.

RESULTS HIGHLIGHTS

For the year ended 31 March 2024, the Group’s total revenue was approximately HK\$71,180,000, representing an increase by approximately 11.8% as compared to total revenue of approximately HK\$63,692,000 for the year ended 31 March 2023.

For the year ended 31 March 2024, the Group’s gross profit was approximately HK\$15,860,000, representing a decrease by approximately 2.0% as compared to gross profit of approximately HK\$16,179,000 for the year ended 31 March 2023. The overall gross profit margin decreased from approximately 25.4% for the year ended 31 March 2023 to approximately 22.3% for the year ended 31 March 2024.

For the year ended 31 March 2024, the Group’s net profit was approximately HK\$6,825,000, as compared to a net loss of approximately HK\$1,435,000 for the year ended 31 March 2023.

For the year ended 31 March 2024, basic earnings per share attributable to the owners of the Company were approximately HK\$0.006 (2023: losses per share of approximately HK\$0.001).

No final dividend for the year ended 31 March 2024 was recommended.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	4	71,180	63,692
Cost of sales		<u>(55,320)</u>	<u>(47,513)</u>
Gross profit		15,860	16,179
Other income	5	364	163
Other gains and losses, net	6	19,541	(1,081)
Selling and distribution expenses		(16,391)	(10,253)
Administrative expenses		(12,450)	(7,908)
Finance costs	7	<u>(129)</u>	<u>(25)</u>
Profit/(loss) before income tax	8	6,795	(2,925)
Income tax credit	10	<u>30</u>	<u>1,490</u>
Profit/(loss) for the year		<u>6,825</u>	<u>(1,435)</u>
Other comprehensive expense:			
<i>Item that may be reclassified subsequently to profit and loss:</i>			
Exchange differences arising on translation of foreign operations		(5,225)	(8,921)
<i>Item that will not be reclassified to profit or loss:</i>			
Reclassification of cumulative translation reserve upon deregistration of a subsidiary with foreign operation		<u>(18,866)</u>	<u>–</u>
Other comprehensive expense for the year, net of income tax		<u>(24,091)</u>	<u>(8,921)</u>
Total comprehensive expense for the year		<u>(17,266)</u>	<u>(10,356)</u>
Profit/(loss) per share			
– Basic and diluted (HK\$)	11	<u>0.006</u>	<u>(0.001)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Notes	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		139	211
Goodwill		–	2,534
Right-of-use assets		8,404	211
Intangible assets		25,167	25,150
Deferred tax assets		464	–
		<u>34,174</u>	<u>28,106</u>
CURRENT ASSETS			
Inventories		23,552	42,697
Trade receivables, contract assets and other receivables	12	44,201	64,633
Cash and bank balances		48,282	18,886
		<u>116,035</u>	<u>126,216</u>
CURRENT LIABILITIES			
Trade and other payables	13	8,955	12,224
Contract liabilities		5,946	411
Lease liabilities		3,093	168
Amount due to a director		1,299	–
Amount due to immediate holding company		676	–
Income tax payable		10,782	11,081
		<u>30,751</u>	<u>23,884</u>
NET CURRENT ASSETS		<u>85,284</u>	<u>102,332</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>119,458</u>	<u>130,438</u>
NON-CURRENT LIABILITIES			
Lease liabilities		5,894	42
Deferred tax liabilities		434	–
		<u>6,328</u>	<u>42</u>
NET ASSETS		<u>113,130</u>	<u>130,396</u>
CAPITAL AND RESERVES			
Share capital		55,198	55,198
Reserves		57,932	75,198
TOTAL EQUITY		<u>113,130</u>	<u>130,396</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL INFORMATION

Artini 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 of Hong Kong Limited (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 No.8502, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Company acts as an investment holding company. The Company and its subsidiaries (collectively referred as the “**Group**”) are principally engaged in the sale of a wide selection of fashion accessories products mainly through the Group’s self-operated online platform and third-party sales online platforms (the “**Integrated Fashion Accessories Platform Business**”). During the year, the Group commenced the business engaging in the sale of skincare and health products through self-operated online platform (the “**Skincare and Health Product Sales Platform Business**”).

In the opinion of the directors of the Company (the “**Directors**”), the Company’s immediate holding company is Rapid Development Limited, a company incorporated in British Virgin Islands with limited liability and its ultimate controlling shareholders are Mr. Chen Long (“**Mr. Chen**”) and Ms. Lin Chenjie (wife of Mr. Chen).

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

(a) New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements is to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are also added. The application of the amendments had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in notes to the consolidated financial statements. In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer required to be disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

(b) New and amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) issued by HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decision made by primary users.

Going Concern Assessment

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

4. REVENUE AND SEGMENT INFORMATION

a. Revenue

Revenue represents the net amounts received and receivables that are derived from sales of fashion accessories products and sales of skincare and health products during the years ended 31 March 2024 and 2023.

b. Segment information

The Group’s operating segments, based on information reported to the board of Directors, being the chief operating decision-maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance.

During the year, the Group commenced the business engaging in Skincare and Health Product Sales Platform Business, and it is considered as a new operating and reportable segment by the CODM.

Specifically, the Group’s reportable and operating segments for the years ended 31 March 2024 and 2023 were as follows:

Integrated Fashion Accessories Platform Business	Wholesale, retail and distribution of fashion accessories mainly through self-operated online platform and third-party sales online platforms.
Skincare and Health Product Sales Platform Business	Wholesale, retail and distribution of skincare and health products mainly through self-operated online platform.

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 HK\$'000	Skincare and Health Product Sales Platform Business HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Year ended 31 March 2024				
Revenue (At point in time)				
Segment revenue – external sales	<u>67,769</u>	<u>3,411</u>	<u>-</u>	<u>71,180</u>
Results				
Segment results	<u>289</u>	<u>(59)</u>	<u>-</u>	<u>230</u>
Unallocated other profits				15,983
Unallocated expenses				
– Auditor's remuneration				(800)
– Depreciation of right-of-use assets				(744)
– Salaries and retirement benefit scheme				(3,912)
– Other professional fee				(1,187)
– Unallocated expenses				(2,669)
– Finance costs				<u>(106)</u>
Profit before income tax				<u>6,795</u>
Assets				
Segment assets	97,038	16,335	-	113,373
Unallocated assets				
– Property, plant and equipment				42
– Right-of-use assets				6,653
– Deferred tax assets				464
– Other receivables, prepayment and deposit				2,845
– Cash and bank balances				<u>26,832</u>
Total assets				<u>150,209</u>
Liabilities				
Segment liabilities	(12,163)	(6,651)	-	(18,814)
Unallocated liabilities				
– Other payables and accruals				(5,421)
– Lease liabilities				(7,115)
– Deferred tax liabilities				(434)
– Others				<u>(5,295)</u>
Total liabilities				<u>(37,079)</u>
Other information				
Depreciation of property, plant and equipment	(29)	-	(116)	(145)
Depreciation of right of use assets	(108)	(68)	(744)	(920)
Impairment loss reversed in respect of trade receivables and contract assets	1,132	-	-	1,132
Impairment loss reversed in respect of other receivables	158	-	-	158
Impairment losses on goodwill	(2,534)	-	-	(2,534)
Provision of impairment loss on inventories	(107)	-	-	(107)
Amortisation of intangible assets	-	(2)	-	(2)
Interest income	136	27	113	276
Finance costs	<u>(14)</u>	<u>(9)</u>	<u>(106)</u>	<u>(129)</u>

	Integrated Fashion Accessories Platform Business HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Year ended 31 March 2023			
Revenue (At point in time)			
Segment revenue – external sales	63,692	–	63,692
Results			
Segment results	6,852	–	6,852
Unallocated other profits			121
Unallocated expenses			
– Auditor's remuneration			(730)
– Depreciation of right-of-use assets			(210)
– Salaries and retirement benefit scheme			(1,812)
– Other professional fee			(675)
– Unallocated expenses			(6,460)
– Finance costs			(11)
Loss before income tax			(2,925)
Assets			
Segment assets	150,129	–	150,129
Unallocated assets			
– Property, plant and equipment			150
– Right-of-use assets			178
– Other receivables, prepayment and deposit			360
– Cash and bank balances			3,505
Total assets			154,322
Liabilities			
Segment liabilities	(15,026)	–	(15,026)
Unallocated liabilities			
– Other payables and accruals			(4,741)
– Lease liabilities			(177)
– Others			(3,982)
Total liabilities			(23,926)
Other information			
Depreciation of property, plant and equipment	(265)	(293)	(558)
Depreciation of right-of-use assets	(192)	(210)	(402)
Impairment loss on intangible assets	–	(3,128)	(3,128)
Impairment loss recognised in respect of trade receivables and contract assets	(2,041)	–	(2,041)
Impairment loss recognised in respect of other receivables	(7)	–	(7)
Provision of impairment loss on inventories	(2,987)	–	(2,987)
Loss on written off of property, plant and equipment	(490)	–	(490)
Interest income	1	1	2
Finance costs	(14)	(11)	(25)

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 2024 and 2023.

Segment results represent the loss incurred or profit earned 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, other receivables, prepayments and deposits, and cash and bank balances.
- All liabilities are allocated to reportable and operating segments other than certain other payables, accruals and lease liabilities.

ii. *Geographical information*

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

	2024	2023
	HK\$'000	HK\$'000
America	62,851	57,176
The PRC, other than Hong Kong and Macao	5,657	3,786
Others	2,672	2,730
	<u>71,180</u>	<u>63,692</u>

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

	2024	2023
	HK\$'000	HK\$'000
Hong Kong	6,696	328
The PRC, other than Hong Kong and Macao	27,014	27,778
	<u>33,710</u>	<u>28,106</u>

Note: Non-current assets excluded deferred tax assets.

(c) **Information about major customers**

Revenue from customer of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	16,173	15,023
Customer B	14,556	14,717
Customer C	14,439	11,798
Customer D	–*	10,160

* Contributed less than 10% of the Group's total revenue for the relevant year.

5. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income	276	2
Government subsidies (<i>Note (a)</i>)	–	123
Others	88	38

Note:

- (a) During the year ended 31 March 2023, there was HK\$123,000 of government grants obtained from Employment Support Scheme (“ESS”) under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group's employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have other unfulfilled obligations relating to this program, and does not obtain other subsidy during the years ended 31 March 2024 and 2023.

6. OTHER GAINS AND LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other gains and (losses), net comprise of:		
Net exchange gains	20,785	4,588
Provision of impairment loss on intangible assets	–	(3,128)
Impairment loss reversed/(recognised) in respect of trade receivables and contract assets	1,132	(2,041)
Impairment loss reversed/(recognised) in respect of other receivables	158	(7)
Loss on written off of property, plant and equipment	–	(490)
Loss on lease modification	–	(3)
Impairment losses on goodwill	(2,534)	–

7. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on lease liabilities	<u>129</u>	<u>25</u>

8. PROFIT/(LOSS) BEFORE INCOME TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Staff costs (included directors' remuneration)		
Salaries, wages and other benefits	6,284	4,016
Contributions to defined contribution retirement plans	<u>510</u>	<u>364</u>
	6,794	4,380
Auditor's remuneration	800	730
Cost of inventories recognised as an expense, including written-off of inventories and provision of impairment loss on inventories	55,320	47,513
Provision of impairment loss on inventories	107	2,987
Depreciation of property, plant and equipment	145	558
Loss on written off of property, plant and equipment	–	490
Depreciation of right-of-use assets	920	402
Short-term leases expenses	<u>6</u>	<u>19</u>

9. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

10. INCOME TAX CREDIT

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong Profits Tax		
– Current year	–	–
– Over-provision in prior years	–	(1,490)
	<u>–</u>	<u>(1,490)</u>
Deferred tax		
– Current year	–	(1,490)
	<u>(30)</u>	<u>–</u>
Income tax credit	<u>(30)</u>	<u>(1,490)</u>

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 2024 and 2023 is provided based on the Regime.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 March 2024 and 2023.

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% (2023: 25%) for the Year.

As at 31 March 2024 and 2023, the Group did not have deductible temporary difference in respect of impairment of trade and other receivables. No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not certain that taxable profit will be available which the deductible temporary differences can be utilised.

As at 31 March 2024, the Group had unused tax losses of approximately HK\$38,729,000 (2023: HK\$35,128,000) available for offsetting against future profits. No deferred tax assets have been recognised as certain entities of the Group have been loss making for several years and it is not considered probable that taxable profits will be available against which the tax losses can be utilised. Tax losses may be carried forwards indefinitely except for those tax losses amounting to HK\$18,083,000 (2023: HK\$20,817,000) will expire in the coming few years.

11. PROFIT/(LOSS) PER SHARE

The calculation of basic profit/(loss) per share is based on the profit for the year of approximately HK\$6,825,000 (2023: a loss of HK\$1,435,000) and the weighted average of approximately 1,103,968,000 (2023: 1,103,968,000) ordinary shares of the Company in issue during the year.

Diluted profit/(loss) per share equals to basic profit/(loss) per share, as there were no potential dilutive ordinary shares in issue for the years ended 31 March 2024 and 2023.

12. TRADE RECEIVABLES, CONTRACT ASSETS AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables (<i>note (a)</i>)	43,004	52,699
Less: Allowances (<i>note (c)</i>)	<u>(4,653)</u>	<u>(5,784)</u>
Trade receivables, net	<u>38,351</u>	<u>46,915</u>
Contract assets (<i>note (b)</i>)	–	174
Less: Allowances (<i>note (c)</i>)	<u>–</u>	<u>(1)</u>
Contract assets, net	<u>–</u>	<u>173</u>
Other receivables (<i>note (d)</i>)	1,334	639
Less: Allowances	<u>(16)</u>	<u>(174)</u>
Other receivables, net	<u>1,318</u>	<u>465</u>
Trade and other deposits paid	2,448	16,688
Prepayments	<u>2,084</u>	<u>392</u>
	<u>44,201</u>	<u>64,633</u>

Notes:

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

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

As at 31 March 2024 and 2023, other receivables included receivables from a few independent third parties.

(a) Trade receivables

The Group generally allows an average credit period of 30 to 90 days (2023: 30 to 90 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:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	441	14,138
31 – 60 days	1,615	10,201
61 – 90 days	6,110	5,707
91 – 180 days	18,209	4,952
181 – 365 days	7,568	11,917
Over 365 days	4,408	–
	<u>38,351</u>	<u>46,915</u>

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Renminbi	313	1,000
United States Dollars	38,038	45,915
	<u>38,351</u>	<u>46,915</u>

(b) Contract assets

Amounts relating to contract assets are balances due from customers under sales of fashion accessories products. The Group have recognised a contract asset for any goods delivered. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customers.

(c) Movements in loss allowance account in respect of trade receivables and contract assets during the years are as follows:

	Trade receivables	Contract assets	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 1 April 2022	3,744	–	3,744
Impairment loss recognised	<u>2,040</u>	<u>1</u>	<u>2,041</u>
As at 31 March 2023 and 1 April 2023	5,784	1	5,785
Impairment loss reversed	<u>(1,131)</u>	<u>(1)</u>	<u>(1,132)</u>
As at 31 March 2024	<u>4,653</u>	<u>–</u>	<u>4,653</u>

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

(d) Other receivables

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 1 April	174	167
Impairment loss (reversed)/recognised	<u>(158)</u>	<u>7</u>
As at 31 March	<u>16</u>	<u>174</u>

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

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

13. TRADE AND OTHER PAYABLES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	1,636	6,574
Other tax payables	3,138	3,108
Payrolls and staff cost payables	1,422	360
Other payables and accruals	2,759	2,182
	<u>8,955</u>	<u>12,224</u>

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 (2023: 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:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 3 months	1,627	6,148
More than 3 month less than 1 year	–	251
Over 1 year	9	175
	<u>1,636</u>	<u>6,574</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the fashion accessories business and commenced its skincare and health products sales business during the Year.

The global consumer goods industry continues to face severe challenges. The Group has not been immune to global turbulence due to various downside risks such as the continuing high interest rate environment and geopolitical tensions. In addition, the rise in inflation rate had a strong impact on consumer spending, particularly in the luxury goods sector. The Group has always been committed to ensuring stable operation and has consistently taken steps to sustain progress. In the face of many challenges and intensified competition in the industry, the Group has been making headway and actively exploring opportunities to join the new development landscape. During the Year, the Group recorded a total revenue of approximately HK\$71,180,000 (2023: approximately HK\$63,692,000). Gross profit for the Year amounted to approximately HK\$15,860,000 (2023: approximately HK\$16,179,000), and profit for the Year amounted to approximately HK\$6,825,000 (2023: a loss of approximately HK\$1,435,000).

Strengthening the Layout of Fashion Accessories Business

During the Year, the Group has been actively expanding its business bases by setting up new operation centres in Hong Kong, Shenzhen and Guangzhou, respectively, and selectively recruiting new staff to strengthen the market position and competitiveness of its brands in the fashion accessories sector.

While there was no significant improvement in the overall luxury goods sector during the Year, the Group's fashion accessories business recorded a modest growth in sales performance. The Group continued to optimise the positioning of the Group's brands, including 'Artini' and 'Asbeny', to make them more diversified, living and fashionable, and at the same time increased its investment in digitalisation, platformisation and social media marketing and online platforms to strengthen the Group's competitiveness in the lifestyle industry.

To expand new customer sources and new markets and thereby increase market share, the Group's selling and distribution expenses increased by approximately 59.9% from approximately HK\$10,253,000 for the year ended 31 March 2023 to approximately HK\$16,391,000 for the Year.

Developing Diversity, Planning for the Future

During the Year, the Group actively explored new development opportunities. In the past, the Group has successfully built up its popularity and solid online sales performance of fashion accessories products through its internal online platform and third-party retail network. With the huge potential of the general health and wellness business in the post epidemic era, the Group has expanded its skincare and health product sales platform business during the Year. In order to capitalise on the Group's existing brand strengths and to meet the market demand, the Group has positioned its health products as 'life fashion' and 'lifestyle'. We actively promote product diversification, optimise industrial layout, and further enrich product portfolio on the basis of giving full play to our own advantages, in order to realise the long-term stability and sustainable development of the Group's profitability. At the same time, during the Year, the Group zeroed in on adjusting its marketing direction and strengthen the development of sales share in the PRC market to further avoid the risk of relying on bilateral trade in a single region.

PROSPECT

Looking ahead to 2025, the Group expects that the prolonged high-interest rate and high inflation environment will continue to pose challenges to the consumer goods industry. Even if there are signs of recovery, we expect that consumers will remain cautious and tend to hold back on non-essential spending, and therefore, the recovery in global consumer demand will be gradual rather than sudden. The Group will follow through to review and reinforce its strengths, grasping the opportunities arising from the new era.

The Group will continue to promote its brands and strategically develop its sales platforms and social media marketing online platforms. The Group will persist in maintaining and enhancing its brand image, strengthen the integration of online and offline channels, and improve market penetration and customer stickiness. The Group will continue to optimise product portfolio through relevant online channels by launching more fashion accessories and life fashion products to meet the needs of consumers in order to increase market share by exploiting new customers and new markets. The Group will also continue to upgrade its brands to accelerate the pace of socialised marketing, and to zero in on product innovation, skills development and new product launch.

The Group strictly follows the ‘Dual circulation’ economic development plan proposed in the National ‘14th Five-Year Plan’ and actively seizes the opportunities. It is expected that the trend of consumption upgrading in China will continue in the future, with consumers increasing their purchases of local high-end fashion accessories and life fashion products. In this regard, the Group will further increase its investment in the PRC market and continue to expand its sales share in the PRC. Meanwhile, under the trend of rising demand for precious metals, the Group is making full use of the strengths of its brands to actively expand the market for precious metal products, with a view to promoting the overall development of its fashion accessories business.

In the face of the ever-changing market environment, the Group recognises that long-term success can only be ensured by a more prudent and effective allocation of capital and resources. The Group is actively exploring paths of development. The Group will actively promote the upgrade and construction of its online platform, and continue to push forward its digital transformation in order to enhance its operational efficiency and decision-making support capabilities, strengthening the Group’s overall competitiveness. The Group will actively optimise its industrial layout, strengthen its supply chain management and control, and further explore the possibilities of industrial chain development on the basis of fully utilising its own strengths, so as to realise the Group's profitability and stability, and to focus on long-term and more sustainable business development. Meanwhile, the Group will persist in assessing the current business strategies and will seek for suitable business opportunities, so as to create and explore new profit engines. It will then bring more stable development to the Group and ensure the interest of the shareholders of the Company.

FINANCIAL REVIEW

Revenue

Revenue of the Group is mainly derived from (i) fashion accessories platform business, representing wholesale, retail and distribution of fashion accessories mainly through self-operated online platform and third-party sales online platforms, and (ii) skincare and health product sales platform business, representing wholesale, retail and distribution of skincare and health products mainly through self-operated online platform.

Revenue of the Group for the year ended 31 March 2024 was approximately HK\$71,180,000 (2023: approximately HK\$63,692,000), representing an increase of approximately 11.8% from that of 2023. The increase in the Group’s revenue was due to (i) the increase in the sales of fashion accessories platform business from approximately HK\$63,692,000 for the year ended 31 March 2023 to approximately HK\$67,769,000 for the year ended 31 March 2024; and (ii) sales of skincare and health product sales platform business amounted to approximately HK\$ 3,411,000 which was the additional income stream of the Group for the Year.

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 March 2024 was approximately HK\$15,860,000 (2023: approximately HK\$16,179,000), representing a decrease of approximately 2.0%. The Group's gross profit margin decreased from approximately 25.4% for the year ended 31 March 2023 to approximately 22.3% for the year ended 31 March 2024. Such fluctuation was due to the decrease in gross profit margin of the sales of fashion accessories platform business from approximately 25.4% for the year ended 31 March 2023 to approximately 21.8% for the year ended 31 March 2024 which was mainly due to larger discounts offered to customers. The gross profit margin of the sales of skincare and health product sales platform business was approximately 32.2% which is the additional income stream of the Group for the Year.

Other gains and losses

The Group's net other gains for the year ended 31 March 2024 was approximately HK\$19,541,000 (2023: net other losses approximately HK\$1,081,000). The fluctuation was mainly due to the exchange gains from one-off reclassification of cumulative translation reserve upon deregistration of a subsidiary with foreign operation amounted to approximately HK\$18,866,000 which is offset by the impairment loss on goodwill amounted to approximately HK\$2,534,000.

Selling and distribution expenses

The Group's selling and distribution expenses for the year ended 31 March 2024 was approximately HK\$16,391,000 (2023: approximately HK\$10,253,000), representing an increase of approximately 59.9%. The increase in the Group's selling and distribution expenses during the Year was mainly attributable to the aggregate effect of the increase in designing, marketing and promotion expenses for the Group's fashion accessories business; and increase in the expenses on maintenance and upgrade of fashion accessories platforms during the Year.

Administrative expenses

The Group's administrative expenses for the year ended 31 March 2024 was approximately HK\$12,450,000 (2023: approximately HK\$7,908,000), representing an increase of approximately 57.4%. Such increase was mainly attributable to the aggregate effect of (i) the increase in the staff costs due to the additional manpower; (ii) the increase in amount of depreciation of right-of-use assets; and (iii) the increase in the other professional expenses and printing expenses.

Profit for the Year

As a result of the foregoing, the Group's profit for the Year was approximately HK\$6,825,000 (2023: a loss of approximately HK\$1,435,000).

Dividend

The Board does not recommend the payment of any final dividend for the year ended 31 March 2024 and 2023.

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 2024 and 2023, the Group did not have any charges on its assets.

CHANGE OF CONTROLLING SHAREHOLDER

On 16 September 2023, Mr. Tse Hoi Chau ("**Mr. Tse**") and Walifax Investments Limited, which is wholly owned by Mr. Tse (collectively, the "**Vendors**"), as vendors, and Rapid Development Limited (the "**Offeror**"), which is ultimately owned as to 70% by Mr. Chen Long, 29% by Ms. Lin Chenjie (wife of Mr. Chen Long) and 1% by Mr. Chen Naien (brother of Mr. Chen Long), as purchaser, entered into a sale and purchase agreement (the "**Agreement**"), pursuant to which the Vendors agreed to sell and the Offeror agreed to purchase a total of 708,018,397 shares of the Company (the "**Sale Shares**"), representing approximately 64.13% of the issued shares of the Company, for an aggregate consideration of approximately HK\$128,292,934, equivalent to HK\$0.1812 per Sale Share.

Immediately upon completion of the sale and purchase of the Sale Shares, the Offeror and parties acting in concert with it were interested in 64.13% of the entire issued share capital of the Company (the “**Shares**”). Pursuant to the Hong Kong Code on Takeovers and Mergers, Blackwell Global Securities Limited, on behalf of the Offeror, made an unconditional mandatory cash offer to acquire all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) at HK\$0.1812 per Share (the “**Offer**”). Pursuant to the announcement dated 20 November 2023 jointly issued by the Company and the Offeror, the Offer was closed on 20 November 2023 and the Offeror received valid acceptances in respect of a total of 573,128 Shares under the Offer, representing approximately 0.05% of the entire issued share capital of the Company. Immediately after the close of the Offer, on 20 November 2023, the Offeror and parties acting in concert with it were interested in an aggregate of 708,591,525 Shares, representing approximately 64.19% of the entire issued share capital of the Company.

Details of the Agreement and the Offer are set out in the announcements of the Company dated 28 April 2023, 27 September 2023, 29 September 2023, 18 October 2023, 30 October 2023 and 20 November 2023.

Significant Investments

On 5 December 2023, the Company entered into a lease agreement as tenant with Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited (the “**Agent**”) as agent for City Lion Investment Limited (the “**Landlord**”) in respect of the lease of the office premise at Unit No. 8502 on Level 85 of International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong (the “**Premises**”) for a term of three years commencing from 15 December 2023 to 14 December 2026 (both days inclusive) for use as the Group’s head office and principal place of business in Hong Kong.

To the best of the information, knowledge and belief of the Directors having made reasonable enquiries, the Landlord and the Agent are wholly owned by Sun Hung Kai Properties Limited, a company listed on the Main Board of Stock Exchange (stock code: 16). The Landlord, the Agent and their respective ultimate beneficial owners are Independent Third Parties.

The monthly rental fee is HK\$231,552 per calendar month payable in advance (exclusive of air-conditioning and management charges, government rates and other outgoings). Pursuant to HKFRS 16, the tenancy of the Premises will be recognised as right-of-use assets for an amount of approximately HK\$7.2 million. Please refer to the announcements of the Company dated 5 December 2023 and 6 December 2023 for further information. Except for this transaction, during the year ended 31 March 2024, the Group did not hold any significant investments, nor did it have any material acquisitions or disposals of any subsidiaries, associates or joint ventures that would constitute a discloseable transaction under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

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 2024, the Group had 44 employees (2023: 25), and the total staff cost including Directors’ emoluments amounted to approximately HK\$6,794,000 (2023: approximately HK\$4,380,000). 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.

A directors' remuneration policy has been adopted. It aims to set out the Company's policy in respect of remuneration paid to executive Directors and non-executive Directors. The Directors' remuneration policy sets out the remuneration structure that allows the Company to attract, motivate and retain qualified Directors who can manage and lead the Company in achieving its strategic objective and contribute to the Company's performance and sustainable growth, and to provide Directors with a balanced and competitive remuneration. The remuneration policy is, therefore, aiming at being competitive but not excessive. To achieve this, remuneration package is determined with reference to a matrix of factors, including the individual performance, qualification and experience of Directors concerned and prevailing industry practice. It will be reviewed and, if necessary, updated from time to time to ensure its continued effectiveness.

During the Year, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

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 2024, the Group had cash and cash equivalents of approximately HK\$48,282,000 (2023: approximately HK\$18,886,000). As at 31 March 2024 and 2023, 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 32.8% as at 31 March 2024 (2023: approximately 18.3%).

Capital commitments

As at 31 March 2024 and 2023, the Group did not have any significant capital commitments.

Contingent liabilities

As at 31 March 2024 and 2023, the Group had no significant contingent liabilities.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the Year and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix C1 of the Listing Rules. The Company has complied with all the provisions in the CG Code during the Year.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 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. Yuen Wai Kin (Chairman), Mr. Lau Yiu Kit and Mr. Ma Sai Yam. The Audit Committee has held meetings with the Company’s auditor, CL Partner CPA 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 CL PARTNERS CPA 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, CL Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year.

The work performed by CL Partners CPA 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 opinion or assurance has been expressed by CL Partners CPA 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 2024 annual report of the Company will be dispatched to the Shareholders and will be made available on the above websites in due course.

By order of the Board
Artini Holdings Limited
Chen Long
Chairman and Executive Director

Hong Kong, 26 June 2024

As at the date of this announcement, the executive directors of the Company are Mr. Chen Long (Chairman), Mr. Tse Hoi Chau and Mr. Chen Shaojia; and the independent non-executive directors of the Company are Mr. Yuen Wai Kin, Mr. Lau Yiu Kit and Mr. Ma Sai Yam.