

To: Business Editor (For Immediate Release)



Artini Announces Interim Results For the 6 Months Ended 30 September 2009

Stringent Cost Control Effectively Increased Gross Profit Margin

Multi Brands and Multi Distribution Channels Strategies To Strengthen Leading Position in the Fashion Accessories Market

Financial Highlights	For the 6 months ended 30 September (HK\$'000)		
	2009	2008	Change
Turnover	182,255	313,766	-41.9%
Gross profit (Gross margin)	98,175 (53.9%)	160,157 (51%)	-38.7%
(Loss) for the Period	(31,076)	(19,442)	+59.8%
Basic (loss) per share	(0.031)	(0.021)	+47.6%

(Hong Kong, 11 December 2009) –Artini China Co. Ltd. (“Artini” or the “Group”) (HKEX: 789) today announced its interim results for the 6 months ended 30 September 2009.

During the review period, the Group’s total turnover was approximately HK\$182,255,000, representing a decrease of 41.9% when compared with the same period in 2008. The decrease was primarily due to the adjustment in the number of retail outlets to combat the incomplete recovery of the economy worldwide, as well as the discounts to distributors. Gross profit decreased by 38.7% to HK\$98,175,000, while gross profit margin increased from 51.0% in 2008 to 53.9% in 2009. It was attributable to the enhancement in operating efficiency and the stringent cost control. Loss for the period was HK\$31,076,000. The board of directors did not recommend any interim dividends for the six months ended 30 September 2009 (2008: Nil).

Mr. Eric Tse, Chairman & CEO of Artini said, “The Group’s turnover had been adversely affected inevitably by the financial tsunami. However, the Group had been applying stringent cost control during the period and successfully boosted the overall gross profit margin, with the selling and distribution cost decreased substantially by 18.5% to HK\$115,921,000. Cost-saving initiatives, including adjustment in shop opening strategy and reinforcement in distributorship and on-line shopping platform, effectively trimmed rental and salary costs. At the same time, the Group reallocated production capability and focused on production of high profit margin products. Products with simple work procedures had been outsourced to high quality manufacturers with low production costs. The Group only took part in the quality assurance process. These measures effectively guided the Group to weather through rough times during the economy downturn.”

For the retail business, the Group had a retail network of 93 Artini stores and 74 Q’ggle stores as at 30 September 2009. During the review period, the Group stepped up efforts in developing multi distribution channels. Firstly, the Group rapidly penetrated into the second, third and fourth-tier cities in the PRC through experienced retail distributors. The Group has already entered into cooperative agreements with over 30 distributors to set up authorized retail outlets. As at 30 September 2009, there were 15 Artini stores and 12 Q’ggle stores operated by distributors in the PRC. The number is expected to increase exponentially. Secondly, the Group established the Artini and Q’ggle online shopping platform, and partnered with various China based banking institutions and corporations, such as China Merchants Bank, to set up online business platforms for product purchases and redemption. Furthermore, “Q’ggle” successfully became an officially selected online shop in paipai.com, under the “QQ Link” of Tencent Group in June this year. The aforesaid channels played an important role in broadening the Group’s client base and extending reach to

high purchasing power consumers in a cost effective way.

The Group endeavored to develop a multi-brand business. Subsequent to the attainment of the distribution right of “NBA” timepiece products last year, the Group was further granted the non-exclusive distribution right of the international brand of “Barbie” and “Disney”, gradually expanding the brand portfolio for diversified consumers.

With regards to the Concurrent Design Manufacturing business, the Group added one-stop fine gift and premium service for large corporations in the PRC into its business. Clients acquired during the period included China Mobile, Leconte, Amway, China Minsheng Banking Group, etc. In addition, the Group acquired more market share by through the wholesale business with the strong brand awareness under the brand of Artini, Q’ggle and Artist Empire. During the period, the Group entered into a partnership agreement with a Dubai distributor, contributing approximately HK\$10 million annual sales to the Group.

Mr. Tse concluded, “As the recovery of global economy gathers pace and under the consumption stimulating measures by the central government, the market atmosphere is expected to be fully recovered early next year. The Group is optimistic about the growth potential in fashion accessories market in China, with thorough implementation of the multi-brand strategy. We will pursue cooperation opportunities with more international renowned brands. Meanwhile, the Group will diversify its products under the brand of Artini and Q’ggle to fashion, lingerie, home décor products, etc., to tap the ever growing market. The Group will continue to cooperate with distributors and form strategic partnership with well-established department stores to increase its scale of sales to 1,000 to 2,000 “Q’ggle” outlets sized 20 square foot to 200 square foot, in the second and third tier cities in the PRC in the coming three years. With the implementation of “multi-brands, multi distribution channels” development strategy, the Group is confident to harvest better results in the coming year and enhance returns to the shareholders.”

About Artini China Co. Ltd. (HKEX: 789)

The Group was established in 1992 and listed in Hong Kong on 16 May 2008. Two core businesses of the Group are (1) Retail Business and (2) Concurrent Design Manufacturing (CDM) Business. Brands under the Retail Business include Artini, Q’ggle, Q’ggle Lingerie, NBA, Barbie and Disney, which are distributed in the PRC, Hong Kong and Macao through retail stores, concessions and authorised retail outlets. For the Concurrent Design Manufacturing (CDM) Business, a large scaled production complex with advanced equipment and facilities and with a gross floor area of approximately 40,000 sq. m. is located in the Guangdong Province, Over 10 million pieces of products are annually produced to renowned brands including Mark & Spencer, Playboy, Disney, Nine West, Givenchy and Anne Klein etc., for distribution worldwide including to the PRC and Europe etc.

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Issued by **PR ASIA Consultants Limited** on behalf of **Artini China Co. Ltd.**

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