

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

ARTINI
ARTINI CHINA CO. LTD.
雅天妮中國有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 789)

(1) PROPOSED CAPITAL REORGANISATION
(2) PROPOSED CHANGE IN BOARD LOT SIZE
(3) PROPOSED OPEN OFFER OF NEW SHARES ON THE BASIS OF
THREE OFFER SHARES FOR EVERY NEW SHARE HELD ON RECORD DATE
AND
(4) RESUMPTION OF TRADING

Financial adviser to Artini China Co. Ltd.



Guotai Junan Capital Limited

Underwriter



Guotai Junan Securities (Hong Kong) Limited

PROPOSED CAPITAL REORGANISATION

The Company intends to put forward for approval by the Shareholders to effect the Capital Reorganisation which will involve:

- (i) the proposed Share Consolidation whereby every two (2) Existing Shares of nominal value of HK\$0.10 each in the issued and unissued share capital of the Company will be consolidated into one (1) Consolidated Share of nominal value of HK\$0.20;
- (ii) the proposed Capital Reduction whereby the issued share capital of the Company will be reduced by the cancellation of (a) the paid-up capital of the Company to the extent of HK\$0.19 on each Consolidated Share such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.20 to HK\$0.01, and (b) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation;

- (iii) immediately following the Share Consolidation and the Capital Reduction, the proposed Share Subdivision whereby each authorised but unissued Consolidated Share of nominal value of HK\$0.20 each (including all those arising from the Capital Reduction) will be sub-divided into twenty (20) New Shares of HK\$0.01 each; and
- (iv) the proposed Elimination of Accumulated Losses whereby the credit arising from the Capital Reduction will be transferred to the contributed surplus account of the Company, and the whole sum of which will be applied to set off against part of the accumulated losses of the Company.

Shareholders and potential investors of the Company should be aware and take note that the Capital Reorganisation is conditional upon satisfaction of the conditions set out in the paragraph headed “Conditions of the Capital Reorganisation” below, and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

PROPOSED CHANGE IN THE BOARD LOT SIZE

The Board proposes to change the board lot size for trading in the Shares from 1,000 Existing Shares to 20,000 New Shares upon the Capital Reorganisation becoming effective.

PROPOSED OPEN OFFER

Conditional upon the Capital Reorganisation becoming effective, the Company proposes to raise approximately HK\$185.6 million, before expenses, by issuing 1,855,980,483 Offer Shares at the subscription price of HK\$0.10 per Offer Share on the basis of three (3) Offer Shares for every one (1) New Share held on the Record Date and payable in full upon application. The Directors consider that the net proceeds of the Open Offer will strengthen the Company’s capital base and improve the Group’s financial position.

As at the date of this announcement, (i) Mr. Tse, the executive Director and the Chairman, has a personal interest in 7,412,000 Shares, representing approximately 0.60% of the existing issued share capital of the Company; and (ii) Walifax Investments, a company incorporated in the BVI with limited liability and wholly-owned by Mr. Tse, is interested in 542,633,994 Shares, representing approximately 43.86% of the existing issued share capital of the Company, have severally and irrevocably undertaken to the Company and the Underwriter that they will take up 11,118,000 Offer Shares and 813,950,991 Offer Shares respectively, representing their respective full entitlements to the Offer Shares under the Open Offer.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to subscribe or procure subscribers to subscribe for all Underwritten Shares that are not taken up, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfillment of the conditions contained therein.

Assuming there are no further issues of Shares or repurchases of Shares by the Company on or before the Record Date, the 1,855,980,483 Offer Shares proposed to be allotted and issued under the Open Offer represents (i) approximately 300.0% of the issued share capital of the Company immediately after the completion of the Capital Reorganisation; and (ii) approximately 75.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares immediately after completion of the Open Offer.

The Record Date is expected to be on Tuesday, 11 November 2014. The last day of dealings in the New Shares on cum-entitlement basis is expected to be on Tuesday, 4 November 2014. The New Shares are expected to be dealt in on ex-entitlement basis from Wednesday, 5 November 2014. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company on the Record Date and not be an Excluded Shareholder.

The Open Offer is conditional, inter alia, upon the fulfillment of the conditions, among others, the Capital Reorganisation becoming effective, as set out in the section headed “Conditions of the Open Offer” of this announcement.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the New Shares and the Offer Shares.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Open Offer is subject to the satisfaction of certain conditions as described in the section headed “Conditions of the Open Offer”. In particular, it is subject to the Capital Reorganisation becoming effective, the approval of the Open Offer at the SGM, and the Underwriting Agreement having become unconditional and not having been terminated (see the section headed “Termination of the Underwriting Agreement” below). Accordingly, the Open Offer may or may not proceed.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Open Offer are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their positions, they should consult their own professional advisers.

GENERAL

The Capital Reorganisation is subject to the approval of the Shareholders on a vote taken by way of a poll at the SGM. As none of the Shareholders is interested in the Capital Reorganisation, no Shareholder is required to abstain from voting at the SGM.

As the Open Offer will increase the issued share capital of the Company by more than 50%, pursuant to the Listing Rules, any controlling shareholders of the Company and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Director), the chief executive of the Company and their respective associates will abstain from voting in favour of the resolutions relating to the Open Offer. As at the date of this announcement, Mr. Tse and Walifax Investments, being the controlling shareholders of the Company, are interested in 7,412,000 Shares and 542,633,994 Shares respectively, and will therefore abstain from voting in favour of the resolution(s) relating to the Open Offer at the SGM. Save as aforesaid, there is no other Director or chief executive of the Company holding any Share in the Company as at the date of this announcement.

The Company has established the Independent Board Committee comprising all the independent non-executive Directors to make recommendations to the Independent Shareholders in respect of the Open Offer. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, further details of (i) the Capital Reorganisation; (ii) the Open Offer; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, together with a notice of the SGM, will be despatched by the Company to the Shareholders as soon as practicable on or before Friday, 10 October 2014.

Upon passing the necessary resolutions by the Shareholders (where applicable, the Independent Shareholders) at the SGM approving the Capital Reorganisation and the Open Offer, the Prospectus Documents will be despatched to the Qualifying Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on Monday, 22 September 2014, pending the release of this announcement. The Company has made an application to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Tuesday, 23 September 2014.

PROPOSED CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE

The Capital Reorganisation will involve the Share Consolidation, the Capital Reduction, the Share Subdivision and the Elimination of Accumulated Losses.

Share Consolidation

Every two (2) Existing Shares of HK\$0.10 each in the issued and unissued share capital of the Company will be consolidated into one (1) Consolidated Share of HK\$0.20. As at the date of this announcement, there are 1,237,320,323 Existing Shares in issue and fully paid. On the basis of such issued share capital, there will be 618,660,161.5 Consolidated Shares in issue and fully paid following the Share Consolidation.

Capital Reduction

The issued share capital of the Company will be reduced by the cancellation of (a) the paid-up capital of the Company to the extent of HK\$0.19 on each Consolidated Share such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.20 to HK\$0.01 and (b) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation.

Share Subdivision

Immediately following the Share Consolidation and the Capital Reduction, each authorised but unissued Consolidated Share (including all those arising from the Capital Reduction) will be sub-divided into twenty (20) New Shares of HK\$0.01 each.

Elimination of Accumulated Losses

Based on 1,237,320,323 Existing Shares in issue as at the date of this announcement, a credit of approximately HK\$117,545,430.69 will arise as a result of the Capital Reduction. The credit arising from the Capital Reduction will be transferred to the contributed surplus account of the Company. The Board proposes to apply the whole sum of HK\$117,545,430.69 in the contributed surplus account to set off against part of the accumulated losses of the Company as at 31 March 2014. For reference, the amount of accumulated losses of the Company was approximately HK\$669,988,354.41 as at 31 March 2014.

Effects of the Capital Reorganisation and the Elimination of Accumulated Losses

Assuming that no further Shares are issued or repurchased by the Company between the date of this announcement and the effective date of the Capital Reorganisation and that none of the outstanding Share Options will be exercised in full prior to the effective date of the Capital Reorganisation, the effect of the Capital Reorganisation is as follows:

	Authorised share capital	Issued share capital
Before Capital Reorganisation	HK\$300,000,000 divided into 3,000,000,000 Shares of HK\$0.10 each	HK\$123,732,032.30 divided into 1,237,320,323 Shares of HK\$0.10 each
After Capital Reorganisation	HK\$300,000,000 divided into 30,000,000,000 New Shares of HK\$0.01 each	HK\$6,186,601.61 divided into 618,660,161 New Shares of HK\$0.01 each

With reference to the audited financial statements of the Company for the year ended 31 March 2014, the effect of the Capital Reorganisation on the capital and reserves of the Company is as follows:

	Issued share capital as at the date of this announcement	Contributed surplus as at 31 March 2014	Accumulated losses as at 31 March 2014
<i>(Figures in HK\$ approximate)</i>			
Balance before Capital Reorganisation	123,732,032.30	—	(669,988,354.41)
Capital Reduction	(117,545,430.69)	117,545,430.69	—
Elimination of Accumulated Losses	—	<u>(117,545,430.69)</u>	<u>117,545,430.69</u>
Balance after Capital Reorganisation	<u>6,186,601.61</u>	<u>—</u>	<u>(552,442,923.72)</u>

Other than the expenses incurred in relation to the Capital Reorganisation, the implementation of the Capital Reorganisation will not alter the underlying assets, business operations, management or financial position of the Company or the relative interests or rights of the Shareholders. Save as disclosed above, the Capital Reorganisation itself will not have any material effect on the financial position of the Group.

Conditions of the Capital Reorganisation

The Capital Reorganisation will be conditional upon:–

- (a) the passing of necessary resolutions by the Shareholders to approve the Capital Reorganisation at the SGM;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares (in issue and to be issued by the Company pursuant to the Share Option Scheme) upon the Capital Reorganisation becoming effective; and
- (c) compliance with the relevant procedures and requirements under the laws of Bermuda (where applicable) and the Listing Rules to give effect to the Capital Reorganisation.

No Shareholder is required to abstain from voting on the necessary resolutions in relation to the Capital Reorganisation at the SGM.

Expected effective date of the Capital Reorganisation

Subject to the fulfillment of the above conditions, the Capital Reorganisation is expected to become effective on the next Business Day following the date of passing of the necessary resolutions at the SGM.

Reasons for the Capital Reorganisation

The Directors believe that, by changing the par value of the Existing Shares from HK\$0.10 each to HK\$0.20 each and reducing it to HK\$0.01 each, it would be beneficial to the Company as it would improve flexibility in future for the Company to raise fund via the issue of New Shares. In addition, the credit amount arising from the Capital Reduction will allow the Company to eliminate part of the accumulated losses, which will allow greater flexibility for the Company to pay dividends in the future. As such, the Board is of the view that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

Listing and Dealings

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation and the underlying New Shares falling to be allotted and issued upon the exercise of the subscription rights attached to the outstanding Share Options.

The New Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the New Shares (in issue and to be allotted and issued upon the exercise of the subscription rights attached to the outstanding Share Options) on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made enabling the securities to be admitted into CCASS.

Fractional shares

Fractional New Shares will not be issued by the Company to the Shareholders. Any fractional entitlements of the New Shares will be aggregated and sold for the benefit of the Company.

Change in Board Lot Size

The Shares are currently traded on the Stock Exchange in board lots of 1,000 Existing Shares each and the market value per board lot is HK\$188.5 subsequent to the Capital Reorganisation, based on the theoretical ex-entitlement price after completion of the Open Offer of HK\$0.1885 (based on the closing price of HK\$0.227 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation). In order to raise the board lot value, the Company is pleased to announce that the board lot size of the New Shares for trading on the Stock Exchange will be increased to 20,000 New Shares upon the Capital Reorganisation becoming effective. The estimated market value per board lot of the New Shares will be HK\$3,770, based on the theoretical ex-entitlement price after completion of the Open Offer of HK\$0.1885 (based on the closing price of HK\$0.227 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation). The change in board lot size and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders.

Free Exchange of Share certificates

Subject to the Capital Reorganisation becoming effective, Shareholders may submit share certificates of the Existing Shares in board lot of 1,000 Shares to the branch share registrar of the Company in Hong Kong, Union Registrars Limited, at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for exchange from Tuesday, 4 November 2014 to Thursday, 11 December 2014 (both dates inclusive), at the expenses of the Company for new share certificates of the New Shares in board lot of 20,000 New Shares. Thereafter, certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.5 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each new share certificate issued for the New Shares or each existing certificate for the Shares cancelled, whichever the number is higher. Nevertheless, the existing certificates for the Existing Shares will continue to be good evidence of legal title but are not valid for dealings, trading and settlement purpose after the Capital Reorganisation has become effective and may be exchanged for certificates for the New Shares at any time in accordance with the foregoing.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the New Shares arising from the Capital Reorganisation and the change in board lot size, a designated broker will be appointed to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares. Details of the odd lot arrangement will be set out in the circular of the Company to be despatched to the Shareholders.

Shareholders and potential investors of the Company should be aware and take note that the Capital Reorganisation is conditional upon satisfaction of the conditions set out in the paragraph headed “Conditions of the Capital Reorganisation” above, and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

PROPOSED OPEN OFFER

Conditional upon the Capital Reorganisation becoming effective, the Company proposes to raise approximately HK\$185.6 million, before expenses, by issuing 1,855,980,483 Offer Shares at the subscription price of HK\$0.10 per Offer Share on the basis of three (3) Offer Shares for every one (1) New Share held on the Record Date and payable in full upon application.

Issue statistics

Basis of the Open Offer	: Three (3) Offer Shares for every one (1) New Share held on the Record Date
Subscription Price	: HK\$0.10 per Offer Share payable in full upon application
Number of Shares in issue as at the date of this announcement	: 1,237,320,323 Existing Shares (on the basis of the number of Existing Shares as at the date of this announcement, assuming no further Shares are issued or repurchased between the date of this announcement and the Record Date)
Number of New Shares in issue upon the Capital Reorganisation becoming effective	: 618,660,161 New Shares
Number of Offer Shares	: 1,855,980,483 Offer Shares
Aggregate nominal value of Offer Shares	: HK\$18,559,804.83
Amount of proceeds to be raised before expenses	: Approximately HK\$185.6 million
Estimated amount of proceeds to be raised after deduction of all estimated expenses (including underwriting commission)	: Approximately HK\$183.0 million
Number of Offer Shares undertaken to be taken up by Mr. Tse and Walifax Investments	: 825,068,991 Offer Shares

Number of Offer Shares : 1,030,911,492 Offer Shares
underwritten by the
Underwriter

Number of New Shares in issue : 2,474,640,644 New Shares
immediately upon completion
of the Open Offer

Notes:

As at the date of this announcement, there are outstanding Share Options conferring rights on the holders thereof to subscribe for up to 108,000,000 Shares which are vested and exercisable at HK\$0.2618 per Share (subject to adjustment, if any) during an exercise period from 28 March 2014 to 27 March 2019. The Company has obtained undertakings from each of the Optionholders that they will not exercise any Share Option at any time from the date of the Underwriting Agreement and up to the completion of the Open Offer.

Assuming that there are no further issues of Shares or repurchases of Shares by the Company on or before the Record Date, the 1,855,980,483 Offer Shares proposed to be allotted and issued represent (i) approximately 300.0% of the issued share capital of the Company immediately after the completion of the Capital Reorganisation; and (ii) approximately 75.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares immediately after completion of the Open Offer.

As at the date of this announcement, save for the outstanding Share Options, the Company has no other outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into Shares.

Subscription Price

The subscription price of HK\$0.10 per Offer Share will be payable in full upon application for Offer Shares. The Subscription Price represents:

- (a) a discount of approximately 78.0% to the closing price of HK\$0.454 per New Share (based on the closing price of HK\$0.227 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation);
- (b) a discount of approximately 78.8% to the closing price of HK\$0.4712 per New Share (based on the closing price of HK\$0.2356 per Existing Share for the last ten trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation);
- (c) a discount of approximately 46.9% to the theoretical ex-entitlement price of HK\$0.1885 per Share based on the closing price of HK\$0.227 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation; and
- (d) a premium of approximately 4.2% over the net asset value per Existing Share of approximately HK\$0.096 as at 31 March 2014 according to the 2014 annual report of the Company.

The subscription price per Offer Share was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the prevailing market conditions and the net asset value of the Company. The Directors consider that the

discount would encourage the Qualifying Shareholders to participate in the Open Offer, which would enable the Qualifying Shareholders to maintain their respective shareholdings in the Company and participate in the future growth of the Group.

The Directors, except the independent non-executive Directors who will form their views after consulting the independent financial adviser to be appointed by the Independent Board Committee, consider the terms of the Open Offer, including the subscription price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotments

The basis of the Open Offer will be three (3) Offer Shares for every one (1) New Share held by the Qualifying Shareholder on the Record Date at a subscription price of HK\$0.10 per Offer Share.

Application for all or any part of an Qualifying Shareholder's assured entitlement should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being applied for.

Qualifying Shareholders

The Open Offer will only be available to the Qualifying Shareholders. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company on the Record Date and not be an Excluded Shareholder.

The Company will send the Prospectus Documents to the Qualifying Shareholders only. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Excluded Shareholders (if any) for their information only but will not send any Application Form or Excess Application Form to them.

In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of the New Shares (with the relevant share certificate(s)) to the Company's branch share registrar in Hong Kong, Union Registrars Limited, at 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong on or before 4:30 p.m. on Thursday, 6 November 2014. The last day of dealings in the New Shares on a cum-entitlement basis is Tuesday, 4 November 2014. The New Shares will be dealt with on an ex-entitlement basis from Wednesday, 5 November 2014.

As at the date of this announcement, there are outstanding Share Options conferring rights on the Optionholders to subscribe for up to 108,000,000 Shares, during the exercise period from 28 March 2014 to 27 March 2019. The Company has obtained undertakings from each of the Optionholders that they will not exercise any Share Option at any time from the date of the Underwriting Agreement and up to the completion of the Open Offer.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company. If a Qualifying Shareholder does not take up any of its/his/her entitlement under the Open Offer, its/his/her proportionate shareholding in the Company will be diluted.

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable or capable of renunciation and there will not be any trading in the assured entitlements on the Stock Exchange.

Closure of register of members

The Company's register of members will be closed from Friday, 7 November 2014 to Tuesday, 11 November 2014, both dates inclusive, to determine the eligibility of the Shareholders to the Open Offer. No transfer of New Shares will be registered during this book closure period.

Rights of Overseas Shareholders and Excluded Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the register of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents are not expected to be registered under the applicable securities legislation of any jurisdictions other than Hong Kong.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Directors will make enquiries as to whether the issue of Offer Shares may contravene the applicable securities legislation of the relevant overseas jurisdictions or the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient not to offer the Offer Shares to such Overseas Shareholders, the Open Offer will not be available to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to those Overseas Shareholders who will become the Excluded Shareholders. The results of the enquiries and the basis of exclusion of the Overseas Shareholders will be included in the Prospectus. If the Overseas Shareholders are excluded, the Company will send copies of the Prospectus to the Excluded Shareholders for their information only provided that the delivery of such Prospectus does not contravene any applicable security legislation of the relevant overseas jurisdiction, but the Company will not send any Application Forms or Excess Application Forms to the Excluded Shareholders.

Those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled and the Excluded Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Open Offer.

Status of the Offer Shares

The Offer Shares, when allotted, issued and fully paid, will rank pari passu with the New Shares then in issue on the date of allotment and issue of the Offer Shares in all respects. Holders of such Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Application for Offer Shares in excess of own entitlement

Qualifying Shareholders may apply for any entitlements of the Excluded Shareholders and any Offer Shares entitled but not applied for by the Qualifying Shareholders.

Applications for excess Offer Shares may be made by completing the Excess Application Form and lodging the same with a separate remittance for the excess Offer Shares being applied with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, for completion of the relevant registration by no later than the Latest Time for Acceptance.

The Directors will allocate the excess Offer Shares (if any) at their discretion, but on a fair and equitable basis, to the Qualifying Shareholders who have applied for excess Offer Shares on a pro-rata basis with reference to the number of excess Offer Shares applied for but no reference will be made to Offer Shares comprised in applications by Application Forms or the existing number of Shares held by the Qualifying Shareholders. No preference will be given to topping-up odd lots to whole board lots.

Shareholders with their Shares held by a nominee company (or which are deposited into the CCASS) should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the above arrangement in relation to allocation of excess Offer Shares will not be extended to beneficial owners individually. The Shareholders with their Shares held by a nominee company (or which are deposited into CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. If the aggregate number of Offer Shares not taken up by the Qualifying Shareholders under Application Forms is greater than the aggregate number of excess Offer Shares applied for through the Excess Application Form, the Directors will allocate to each Qualifying Shareholder who applies for excess Offer Shares in full application. Excess application from Qualifying Shareholders (including registered nominee company) will be accepted by the Company even if their assured entitlement of the Offer Shares is not subscribed for in full.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealings in the Offer Shares will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fee and any other applicable fees and charges in Hong Kong.

None of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought.

The Offer Shares shall have the board lot size of 20,000 New Shares per board lot.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made enabling the securities to be admitted into CCASS. Shareholders should seek advice from their licensed securities dealer or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Fractions of the Open Offer Shares

Given the Open Offer is on the basis of three (3) Offer Shares for every one (1) New Share, there will be no fraction of Offer Shares.

Certificates and refund cheques for the Offer Shares

Subject to the Open Offer becoming unconditional, share certificates for the Offer Shares and refund cheques in respect of unsuccessful excess applications are expected to be posted on or before Friday, 5 December 2014 by ordinary post to those Qualifying Shareholders who have accepted and paid for their Offer Shares, at their own risks. If the Open Offer is terminated, refund cheques are expected to be despatched by ordinary post within five Business Days after such date to the applicants at their own risk.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date : 19 September 2014

Issuer : The Company

Underwriter : Guotai Junan

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties.

Number of Underwritten Shares : All Offer Shares less such number of Offer Shares which the Undertaking Shareholders are entitled and undertake to take up pursuant to the Underwriting Agreement, being 1,030,911,492 Offer Shares

Commission : 1.0% of the aggregate subscription price in respect of the number of Underwritten Shares as determined on the Record Date underwritten by the Underwriter

The commission was determined after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Company, the size of the Open Offer, and the current and expected market conditions. The Directors, except the independent non-executive Directors who will form their views after consulting the independent financial adviser to be appointed by the Independent Board Committee, consider the terms of the Underwriting Agreement including the commission rate are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Offer Shares, other than the Offer Shares to which the Undertaking Shareholders are entitled and undertake to take up pursuant to the Underwriting Agreement, will be fully underwritten by the Underwriter. Upon completion of the Open Offer in accordance with the terms of the Underwriting Agreement, the public float requirements under the Listing Rules will be complied with.

Shareholders Undertakings

As at the date of the Underwriting Agreement, (i) Mr. Tse, an executive Director, was interested in 7,412,000 Shares, representing approximately 0.60% of the existing issued share capital of the Company and; (ii) Walifax Investments, a company incorporated in the BVI with limited liability and wholly-owned by Mr. Tse, was interested in 542,633,994 Shares, representing approximately 43.86% of the existing issued share capital of the Company.

Each of the Undertaking Shareholders has severally and irrevocably undertaken to the Company that (i) all Shares directly owned by him/it will remain registered in their respective names from the date of the Underwriting Agreement and up to the Record Date and (ii) he/it will subscribe for or procure the subscription of 11,118,000 Offer Shares and 813,950,991 Offer Shares that will be allotted to them respectively as the holder of such New Shares under the Open Offer.

Each of the Undertaking Shareholders has further undertaken to the Company that he/it will not apply for any entitlements of the Offer Shares of the Excluded Shareholders or any Offer Shares entitled but not applied for by the Qualifying Shareholders.

Conditions of the Open Offer

The Open Offer is conditional upon the following conditions having been fulfilled:

- (a) the passing of necessary resolutions on a vote taken by way of poll at the SGM to approve (i) the Capital Reorganisation by the Shareholders; and (ii) the Open Offer by the Independent Shareholders;
- (b) the Capital Reorganisation becoming effective;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked listing of and permission to deal in all the New Shares;
- (d) the delivery to the Stock Exchange for authorisation and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by a resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance not later than the Prospectus Issue Date;
- (e) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Offer Shares by no later than the Prospectus Issue Date;
- (f) the posting of the Prospectus Documents to the Qualifying Shareholders on the Prospectus Issue Date;
- (g) the Underwriting Agreement becoming unconditional and not being terminated;
- (h) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;
- (i) compliance with and performance of all the undertakings and obligations of Mr. Tse under the terms of the Underwriting Agreement; and

- (j) compliance with and performance of all the undertakings and obligations of Walifax Investments under the terms of the Underwriting Agreement.

None of the conditions above can be waived. In the event of the above conditions not being fulfilled on or before the Latest Time for Termination (or such later date or dates as the Company and the Underwriter may agree), the Underwriting Agreement shall terminate, in which case the Open Offer will not proceed and no party shall have any claim against any other party (save for any antecedent breaches), save that all such reasonable expenses as may have been properly incurred by the Underwriter in connection with the Open Offer shall be borne by the Company.

Each of the Company and the Underwriter agrees to use its best endeavours to procure fulfillment of all the said conditions on or before each of the said respective dates.

Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions granting the Underwriter, by notice in writing, the right to terminate the Underwriter's obligations thereunder on the occurrence of certain events. The Underwriter may terminate the Underwriting Agreement on or before the Latest Time for Termination if prior to the Latest Time for Termination, any of the following happens:

- (a) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, any of the warranties was (when originally given or when repeated in accordance with the provisions of the Underwriting Agreement) untrue, inaccurate, misleading or breached, and in each case where it is material in the context of the Open Offer;
- (b)
 - (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
 - (ii) any occurrence of local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets;
 - (iii) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lockout;
 - (iv) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing;
 - (v) any change of an exceptional nature in local, national or international equity securities or currency markets;

- (vi) any suspension in the trading of the Company's securities on the Stock Exchange for a period of more than 10 consecutive Business Days, excluding any suspension in connection with the clearance of the announcement or circular relating to the Capital Reorganisation, the Open Offer or the Prospectus Documents or other announcement or circular relating in connection with the Capital Reorganisation and Open Offer;
- (vii) any material disruption in securities settlement, payment or clearance services in Hong Kong authorities;
- (viii) any moratorium on commercial banking activities having been declared by Hong Kong authorities;
- (ix) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere,

which event or events, in the reasonable opinion of the Underwriter, is or are:–

- (1) likely to have a material adverse effect on the business or financial or trading position or prospects of the Group as a whole;
- (2) likely to have a material adverse effect on the success of the Open Offer or the level of Offer Shares taken up; or
- (3) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Open Offer.

If the Underwriter exercises such right, the Open Offer will not proceed.

Upon giving any of such notice, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and no party shall have any claim against any party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement except in respect of any antecedent breach of the Underwriting Agreement, provided however that the Company shall remain liable to pay all reasonable costs, charges and expenses which may have been properly incurred by the Underwriter in connection with the Open Offer.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Open Offer is subject to the satisfaction of certain conditions as described in the section headed “Conditions of the Open Offer” above. In particular, it is subject to the Capital Reorganisation becoming effective, the approval of the Open Offer at the SGM, and the Underwriting Agreement having become unconditional and not having been terminated (see the section headed “Termination of the Underwriting Agreement” above). Accordingly, the Open Offer may or may not proceed.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Open Offer are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their positions, they should consult their own professional advisers.

REASONS FOR THE OPEN OFFER AND THE USE OF PROCEEDS

The Group is principally engaged in the design, manufacture, retailing and distribution and concurrent design manufacturing of fashion accessories.

Having considered other fund raising alternatives for the Group, such as bank borrowings and placing of new Shares or other convertible securities, and taking into account the benefits and cost of each of the alternatives, the Directors are of the view that the Open Offer allows the Group to strengthen its balance sheet without facing the increasing interest rates and to enlarge the capital base of the Company, which may facilitate long-term development of the Group. The Company is now moving ahead to restructure those existing business which are now operating at loss or at low profit margin, and at the same time seeking for investment opportunities. The enlarged capital base resulting from the Open Offer will support the continuing development and daily operations of the Group's existing business activities while providing capital for the Company to invest in potential new business.

The Company is of the view that it is in the interest of the Company and the Shareholders as a whole to raise the capital through the Open Offer since it offers the Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company as well as an opportunity to apply for additional Shares (if they so wish) by way of application for excess Offer Shares, and continue to participate in the future growth and development of the Group should they wish to do so.

In view of the above, the Directors (except the independent non-executive Directors who will form their views after consulting the independent financial adviser to be appointed by the Independent Board Committee) consider the Open Offer is in the interests of the Company and the Shareholders as a whole.

Assuming there are no further issues of Shares or repurchases of Shares by the Company on or before the Record Date, the gross proceeds of the Open Offer (before expenses) are approximately HK\$185.6 million. The estimated net proceeds of the Open Offer (after deducting the costs and expenses in relation to the Open Offer including the underwriting commissions) are expected to be approximately HK\$183.0 million and the net price per Offer Share is expected to be approximately HK\$0.099. The Company intends to apply such net proceeds from the Open Offer (i) as to approximately HK\$25 million for expanding the existing accessories retailing business; (ii) as to approximately HK\$60 million for entering into retailing business for other types of products; (iii) as to approximately HK\$32 million for the repayment of short term loans; and (iv) any remaining net proceeds will be for the general working capital of the Group and/or short term investments.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company did not carry out any rights issue, open offer or other issue of equity securities for fund raising purpose or otherwise within the past 12 months immediately prior to the date of this announcement.

CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following is the shareholding structure of the Company immediately before and after completion of the Capital Reorganisation and the Open Offer assuming no Share Option is exercised on or before the Record Date:

Shareholders	As at the date of this announcement		Immediately after completion of Capital Reorganisation		Immediately after completion of the Open Offer (assuming all Offer Shares are taken up by the Qualifying Shareholder)		Immediately after completion of the Open Offer (assuming none of the Offer Shares are taken up by the Qualifying Shareholders other than the Undertaking Shareholders)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Directors								
Tse Hoi Chau and Walifax Investments (Note 1)	550,045,994	44.45	275,022,997	44.45	1,100,091,988	44.45	1,100,091,988	44.45
The Underwriter (Note 2)	—	—	—	—	—	—	1,030,911,492	41.66
Public Shareholders (Note 3)	<u>687,274,329</u>	<u>55.55</u>	<u>343,637,164</u>	<u>55.55</u>	<u>1,374,548,656</u>	<u>55.55</u>	<u>343,637,164</u>	<u>13.89</u>
Total	<u><u>1,237,320,323</u></u>	<u><u>100.00</u></u>	<u><u>618,660,161</u></u>	<u><u>100.00</u></u>	<u><u>2,474,640,644</u></u>	<u><u>100.00</u></u>	<u><u>2,474,640,644</u></u>	<u><u>100.0</u></u>

Notes:

- Walifax Investments, company incorporated in the BVI, is beneficially wholly-owned and controlled by Mr. Tse, the Chairman and the executive Director, is interested in 542,633,994 Shares. As at the date of this announcement, Mr. Tse has personal interests in 7,412,000 Shares and 12,000,000 Share Options entitling him to subscribe for 12,000,000 Shares under the Share Option Scheme. Mr. Tse has undertaken to the Company that he will not exercise such Share Options from the date of the Underwriting Agreement and up to the completion of the Share Options.

Mr. Lin Shao Hua, the Executive Director, was also granted 12,000,000 Share Options by the Company entitling him to subscribe for 12,000,000 Shares under the Share Option Scheme. Mr. Lin Shao Hua has also undertaken to the Company that he will not exercise such Share Options from the date of the Underwriting Agreement and up to the completion of the Share Options.

- This scenario is for illustration purpose only. Pursuant to the Underwriting Agreement, the Underwriter shall use it reasonable endeavors to ensure that the subscribers of the Underwritten Shares shall be independent of and not connected with any of the directors, chief executive, or substantial shareholders of the Company and its subsidiaries and any of their respective associates and none of the subscribers procured by the Underwriter will become a substantial shareholder (as defined in the Listing Rules) of the Company.
- All the Optionholders have undertaken to the Company that they will not exercise such Share Options from the date of the Underwriting Agreement and up to the completion of the Open Offer.

THE SHARE OPTIONS

As at the date of this announcement, there are Share Options outstanding entitling the holders thereof to subscribe for an aggregate of 108,000,000 Shares. All the Optionholders have undertaken to the Company that they will not exercise such Share Options from the date of the Underwriting Agreement and up to the completion of the Open Offer.

Subject to the confirmation of the auditors of the Company or (as the case may be) an independent financial advisers, the issue of the Offer Shares and the Capital Reorganisation may cause adjustments to the subscription price of the Share Options. The Company will inform the Optionholders of the relevant adjustment(s), and make appropriate announcement on the Stock Exchange as and when appropriate.

Save as the aforesaid, there were no outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into Shares as at the date of this announcement.

EXPECTED TIMETABLE

2014

(Hong Kong time)

Despatch of Company's circular with the notice of SGM Friday, 10 October

Expected date and time of the SGM 10:00 a.m.
Monday, 3 November

Announcement of results of SGM to be published
on the Stock Exchange website Monday, 3 November

The following event is conditional on the fulfillment of the conditions of the Capital Reorganisation and the Open Offer, the dates are therefore tentative:

Effective date of the Capital Reorganisation
and dealings of New Shares Tuesday, 4 November

Closure of original counter for trading in Existing Shares
in board lot of 1,000 9:00 a.m.
on Tuesday, 4 November

Establishment of temporary counter for trading
in New Shares in board lot of 500 9:00 a.m.
on Tuesday, 4 November

First day of free exchange of existing certificates for new certificates
for the New Shares Tuesday, 4 November

Last day of dealings in the New Shares on
a cum-entitlement basis Tuesday, 4 November

First day of dealings in the New Shares on
an ex-entitlement basis Wednesday, 5 November

Latest time for lodging transfers of New Shares
to be qualified for the Open Offer 4:30 p.m.
on Thursday, 6 November

Register of members of the Company closes
(both days inclusive) Friday, 7 November to
Tuesday, 11 November

Record Date Tuesday, 11 November

Register of members of the Company to be re-opened Wednesday, 12 November

Despatch of the Prospectus Documents
(in case of the Excluded Shareholders, the Prospectus only) . . . Thursday, 13 November

Original counter for trading in New Shares in board lot of 20,000 re-opens	9:00 a.m. on Tuesday, 18 November
Parallel trading commences	9:00 a.m. on Tuesday, 18 November
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of New Shares	Tuesday, 18 November
Latest time for acceptance of and payment for the Offer Shares, and application for excess Offer Shares	4:00 p.m. on Thursday, 27 November
Latest time for termination of the Underwriting Agreement	5:00 p.m. on Tuesday, 2 December
Announcement on results of the Open Offer	Thursday, 4 December
Certificate for fully-paid Offer Shares and refund cheques in respect of unsuccessful excess applications (if any) expected to be despatched on or before	Friday, 5 December
Dealings in fully-paid Offer Shares commence	Monday, 8 December
Closure of temporary counter for trading in New Shares in board lot of 500	4:00 p.m. on Monday, 8 December
Parallel trading ends	4:00 p.m. on Monday, 8 December
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of New Shares	Monday, 8 December
Last day of free exchange of existing certificates for new certificates for the New Shares	Thursday, 11 December

Notes:

1. All times and dates in this announcement refer to Hong Kong local times and dates.
2. The latest time for acceptance of and payment for the Offer Shares will not take place at the Latest Time for Acceptance if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the Latest Time for Acceptance. Instead the latest time of acceptance of and payment for the Offer Shares will be extended to 5:00 p.m. on the same Business Day; and
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Time for Acceptance. Instead of the latest time of acceptance of and payment for the Offer Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Offer Shares does not take place on the Latest Time for Acceptance, the dates mentioned in this section headed “Expected Timetable” may be affected. An announcement will be made by the Company in such event as soon as practicable.

3. The expected timetable for the Capital Reorganisation and Open Offer set out above is indicative only. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

GENERAL

The Capital Reorganisation is subject to the approval of the Shareholders on a vote taken by way of a poll at the SGM. As none of the Shareholders is interested in the Capital Reorganisation, no Shareholder is required to abstain from voting at the SGM.

As the Open Offer will increase the issued share capital of the Company by more than 50%, pursuant to the Listing Rules, any controlling shareholders of the Company and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Director), the chief executive of the Company and their respective associates will abstain from voting in favour of the resolutions relating to the Open Offer. As at the date of this announcement, Mr. Tse and Walifax Investments, being the controlling shareholders of the Company, are interested in 7,412,000 Shares and 542,633,994 Shares respectively, and therefore will abstain from voting in favour of the resolution(s) relating to the Open Offer at the SGM. Save as aforesaid, there is no other Director or chief executive of the Company holding any Share in the Company as at the date of this announcement.

The Company has established the Independent Board Committee comprising all the independent non-executive Directors to make recommendations to the Independent Shareholders in respect of the Open Offer. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, further details of (i) the Capital Reorganisation; (ii) the Open Offer; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, together with a notice of the SGM, will be despatched by the Company to the Shareholders as soon as practicable on or before Friday, 10 October 2014.

Upon passing the necessary resolutions by the Shareholders (where applicable, the Independent Shareholders) at the SGM approving the Capital Reorganisation and the Open Offer, the Prospectus Documents will be dispatched to the Qualifying Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m., on Monday, 22 September 2014 pending the release of this announcement. The Company has made an application to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Tuesday, 23 September 2014.

DEFINITIONS

“Application Form(s)”	the form(s) of application in respect of the Open Offer to be issued to the Qualifying Shareholders
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business
“BVI”	British Virgin Islands
“Capital Reduction”	the reduction of the issued share capital of the Company by the cancellation of (a) the paid-up capital of the Company to the extent of HK\$0.19 on each Consolidated Share such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.20 to HK\$0.01, and (b) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation
“Capital Reorganisation”	the Share Consolidation, the Capital Reduction, the Share Subdivision and the Elimination of Accumulated Losses
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	The Companies Act 1981 of Bermuda (as amended, supplemented or otherwise modified from time to time)
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
“Company”	Artini China Co. Ltd., a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Consolidated Share(s)”	the ordinary share(s) of HK\$0.20 each in the share capital of the Company immediately following the Share Consolidation and prior to the Capital Reduction and the Share Subdivision
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Elimination of Accumulated Losses”	the transfer of the credit amount arising from the Capital Reduction to the contributed surplus account of the Company, and the application of the whole sum of which to set off against part of the accumulated losses of the Company as at 31 March 2014

“Excess Application Form(s)”	the form(s) of application for use by the Qualifying Shareholders to apply for the Offer Shares in excess of their entitlements under the Open Offer
“Excluded Shareholder(s)”	those Overseas Shareholder(s) in respect of whom the Directors, based on legal opinions provided by the Company’s legal adviser(s), consider it necessary or expedient not to offer the Offer Shares to such Overseas Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or the stock exchange in that place
“Existing Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Independent Board Committee”	the independent board committee of the Company established to advise the Independent Shareholders regarding the Open Offer
“Independent Shareholder(s)”	the Shareholder(s), other than the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates, who are not involved in, nor interested in, the Underwriting Agreement
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) (as defined in the Listing Rules) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Last Trading Day”	19 September 2014, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 27 November 2014 or such other date and/or time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the application and payment for the Offer Shares and excess Offer Shares
“Latest Time for Termination”	4:00 p.m. on the third business day after the Latest Time for Acceptance, or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the meaning attributed to it in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tse”	Mr. Tse Hoi Chau
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company upon the Capital Reorganisation becoming effective

“Offer Share(s)”	the New Shares proposed to be allotted and issued under the Open Offer, being 1,855,980,483 New Shares to the Qualifying Shareholders for subscription on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Open Offer”	the proposed issue of Offer Shares by the Company on the basis of three (3) Offer Shares for every one (1) New Share at the subscription price of HK\$0.10 on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Optionholders”	holders of the Share Options
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is(are) in place(s) outside Hong Kong
“Prospectus”	a prospectus containing details of the Open Offer to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	collectively, the Prospectus, the Application Form and the Excess Application Form
“Prospectus Issue Date”	13 November 2014, the date of despatch of the Prospectus Documents as the Underwriter may agree in writing with the Company
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date other than the Excluded Shareholders
“Record Date”	11 November 2014, being the date by reference to which entitlements to the Open Offer will be determined
“Share(s)”	Existing Share(s) or New Share(s) (as the case may be)
“Share Consolidation”	the consolidation of every two (2) Existing Shares of nominal value of HK\$0.10 each in the issued and unissued share capital of the Company into one (1) Consolidated Share of nominal value of HK\$0.20
“Share Option Scheme”	the share option scheme adopted by the Company on 23 April 2008
“Share Options”	the 108,000,000 share options granted under the Share Option Scheme, entitling the holders thereof to subscribe for an aggregate of 108,000,000 Shares
“Share Subdivision”	the sub-division of each authorised but unissued Consolidated Share of nominal value of HK\$0.20 each (including all those arising from the Capital Reduction) into twenty (20) New Shares of nominal value of HK\$0.01 each
“Shareholder(s)”	holder(s) of Share(s) of the Company

“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other things, the Capital Reorganisation and the Open Offer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Undertaking Shareholders”	Mr. Tse and Walifax Investments
“Underwriter” or “Guotai Junan”	Guotai Junan Securities (Hong Kong) Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong), being the sole underwriter of the Open Offer
“Underwriting Agreement”	the underwriting agreement dated 19 September 2014 entered into among the Company, the Undertaking Shareholders and the Underwriter in relation to the underwriting arrangement of the Open Offer
“Underwritten Shares”	all Offer Shares less such number of Offer Shares which Mr. Tse and Walifax Investments undertake to take up their respective entitlements under the Open Offer, being 1,030,911,492 Offer Shares
“Walifax Investments”	Walifax Investments Limited, a company incorporated under the laws of the BVI with limited liability and wholly-owned by Mr. Tse
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%” or “per cent.”	percentage or per centum

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

Hong Kong, 23 September 2014

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