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A R T I N I
ARTINI CHINA CO. LTD.
雅天妮中國有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 789)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Quam Securities Company Limited

PLACING OF NEW SHARES

On 27 August 2015 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 95,200,000 Placing Shares to the Placees who and whose ultimate beneficial owners will be Independent Third Parties at a price of HK\$0.105 per Placing Share.

The Placing Shares will be issued under the General Mandate and the Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Placing Agreement

Date

27 August 2015 (after trading hours)

Issuer

The Company

Placing Agent

Quam Securities Company Limited, which to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, who, together with its ultimate controlling shareholder, are Independent Third Parties.

Subject to Completion, the Placing Agent will receive a placing commission of 3.5% of the amount which is equal to the Placing Price multiplied by the number of the Placing Shares placed by the Placing Agent, subject to a minimum of HK\$350,000. The placing commission is arrived at after arm's length negotiations between the Company and the Placing Agent.

Placees

Pursuant to the Placing Agreement, the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 95,200,000 Placing Shares. The Placing Shares will be placed to not less than six Placees which will be independent individual, corporate and/or institutional investors, and who and whose ultimate beneficial owners are Independent Third Parties. If any of the Placees will become a substantial shareholder of the Company after the Completion, further announcement will be made by the Company.

Number of Placing Shares

As at the date of this announcement, the Company has 2,474,640,644 Shares in issue. The maximum number of 95,200,000 Placing Shares represents approximately 3.85% of the existing issued share capital of the Company as at the date of this announcement and approximately 3.70% of the issued share capital of the Company as enlarged by the Placing Shares allotted and issued pursuant to the Placing.

Placing Price

The Placing Price of HK\$0.105 represents:

- (i) a discount of approximately 19.85% to the closing price of HK\$0.131 per Share as quoted on the Stock Exchange on the date of this announcement;
- (ii) a discount of approximately 17.58% to the average closing price per Share of approximately HK\$0.1274 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of this announcement; and
- (iii) a discount of approximately 26.26% to the average closing price per Share of approximately HK\$0.1424 as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of this announcement.

Based on the Placing Price of HK\$0.105, the aggregated value of the 95,200,000 Placing Shares is approximately HK\$9,996,000. The aggregate nominal value of the 95,200,000 Placing Shares is HK\$952,000.

The Placing Price was determined with reference to the recent trading price of the Shares on the Stock Exchange and was negotiated on an arm's length basis between the Company and the Placing Agent.

Ranking of Placing Shares

The Placing Shares shall rank *pari passu* in all respects among themselves and with the existing issued Shares in issue on the date of allotment and issue of the Placing Shares.

Condition of the Placing

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares. If the above condition is not fulfilled within fourteen (14) days from the date of the Placing Agreement (or such other date as may be agreed by the parties hereto), the Placing Agreement will be terminated forthwith and cease to have any effect.

Completion

The Placing shall complete on or before the third Business Day after the satisfaction of the condition set out above (or such later date as may be agreed by the parties hereto).

Termination

The Placing Agent shall be entitled by notice to the Company given prior to 6:00 p.m. on the day immediately preceding the date of completion to forthwith terminate the Placing Agreement if:

- (a) any Specified Event comes to the notice of the Placing Agent;
- (b) there is any significant change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the sole and absolute opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (c) there is any material change (whether or not forming part of a series of changes) in market conditions which in the sole and absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (d) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which in the sole and absolute opinion of the Placing Agent may adversely affect the business or the financial or trading position or prospects of the Company as a whole.

If notice is given pursuant to the above, the Placing Agreement shall be terminated and be of no further effect and neither party to the Placement Agreement shall be under any liability to the other party in respect of the Placing Agreement save for any rights or obligations which may accrue under the Placing Agreement prior to such termination.

General Mandate

The issue of the Placing Shares is not subject to Shareholders' approval.

The Placing Shares will be issued under the General Mandate granted to the Directors pursuant to a resolution passed by the Shareholders in the annual general meeting of the Company held on 15 September 2014, subject to the limit of 2,474,640,640 Shares (representing 20% of the aggregate nominal amount of the share capital of the Company on the date the resolution was passed, and after taking into account the effect of the capital reorganisation of the Company which took effect in November 2014). The maximum 95,200,000 Placing Shares to be allotted and issued will utilise approximately 3.85 % of the General Mandate.

As at the date hereof, the General Mandate has not been previously utilised prior to the date of this announcement.

Application for listing

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Fund raising during the past twelve months

Save for the following fund raising activity, the Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement:

Date of announcement/ Circular	Fund raising activity and total funds raised	Intended use of net proceeds	Actual use of proceeds as at the date of this announcement <i>(Note)</i>
24 October 2014	Open offer raising net proceeds of approximately HK\$183.0 million	(i) as to approximately HK\$25 million for expanding the existing accessories retailing business;	(i) all used as intended;
		(ii) as to approximately HK\$60 million for entering into retailing business of branded watches in Guangdong Province;	(ii) approximately HK\$5 million for entering into retailing business of branded watches in Guangdong. The timing of application of remaining amounts is dependent on commercial opportunity as and when arise;
		(iii) as to approximately HK\$19 million for the repayment of short-term loan from a financial institution;	(iii) all used as intended;
		(iv) as to approximately HK\$13 million for the repayment of an amount due to controlling shareholder of the Company;	(iv) all used as intended;

Date of announcement/ Circular	Fund raising activity and total funds raised	Intended use of net proceeds	Actual use of proceeds as at the date of this announcement (Note)
		(v) as to approximately HK\$35 million for development and further upgrade of the Group's information system and information technology;	(v) approximately HK\$10 million for development and further upgrade of the Group's information system and information technology. This upgrade is expected to take place after satisfactory results of feasibility study and the remaining amounts will be spent in line with progress of the upgrades;
		(vi) as to approximately HK\$16 million for e-advertising expenses;	(vi) all used as intended;
		(vii) as to approximately HK\$15 million for general selling and administrative expense and other general operating expenses;	(vii) all used as intended;

Note: The Company has deposited the unused net proceeds from the open offer referred to above of approximately HK\$80 million in bank accounts.

Reasons for the Placing

The Company is an investment holding company. The Group is principally engaged in the development, design and export of fashion, accessories and gifts.

The last financial year has been a challenging year for the Group, whereby the sub-optimal performance of the Group's principal business was attributable partly to the underperforming retailing business, and the decrease in business scale in the Group's concurrent design manufacturing ("CDM") business since the disposal of its manufacturing subsidiaries in December 2014.

With a view to improving its business performance and as a continued effort to enhance its e-commerce platform, the Group is currently exploring options to expand its marketing channel on the e-commerce platform and market the Group's products via mobile phone applications targeting primarily smart phone users in the PRC (the "Marketing Channel Expansion"). The Directors believe that the mobile phone applications market in the PRC is a significant market with a sizeable population of the Group's target customers. The Marketing Channel Expansion will involve the Group hiring the relevant personnel with the requisite software development experience and marketing experience. Whilst the Group is still finalising the actual implementation plan for the Marketing Channel Expansion, it is estimated based on current budgetary plans, that the new business platform will, once set up and become operational, require annual maintenance costs of approximately RMB8 million (equivalent to approximately HK\$10 million).

Whilst the Group still has approximately HK\$80 million unutilised net proceeds from its open offer completed in December 2014, the unused portions of the net proceeds have been earmarked against their intended uses. After considering the terms of the Placing and other funding alternatives available such as debt financing, convertible bonds and shareholder's loans, the Directors believe it would be in the interest of the Company and the Shareholders as a whole to fund the Marketing Channel Expansion by the net proceeds of the Placing.

The net proceeds from the Placing, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$9,561,000, representing a net issue price of approximately HK\$0.1 per Placing Share. The Directors intend to apply the net proceeds of the Placing as to approximately HK\$5 million for hiring the technical staff and approximately HK\$ 4 million for implementing the Marketing Channel Expansion.

The Directors consider that the terms of the Placing and the Placing Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Effects on shareholding structure

The shareholding structure of the Company immediately before and after the Completion is as follows:

	Immediately before Completion		Immediately after Completion	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Controlling Shareholder				
Mr. Tse Hoi Chau (by himself and via controlled corporation)	1,100,091,988	44.45	1,100,091,988	42.81
Public				
Places	–	–	95,200,000	3.70
Other Public Shareholders	<u>1,374,548,656</u>	<u>55.55</u>	<u>1,374,548,656</u>	<u>53.49</u>
	<u>2,474,640,644</u>	<u>100.00</u>	<u>2,569,840,644</u>	<u>100.00</u>

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Business Day”	any day (not being a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business
“Company”	Artini China Co. Ltd., a company incorporated in the Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the placing of the Placing Shares in accordance with the terms and conditions as set out in the Placing Agreement
“connected persons”	has the meanings as ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general granted to the Directors by a resolution passed by the Shareholders at the annual general meeting of the Company held on 15 September 2014, authorising the Directors to allot and issue Shares up to 20% of the issued share capital of the Company as at the date on which the resolution was passed
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	independent third parties who are not connected person(s) (as defined in the Listing Rules) of the Company and 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

“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Quam Securities
“Placing Agreement”	the conditional placing agreement dated 27 August 2015 entered into between the Company and the Placing Agent
“Placing Price”	HK\$0.105 per Placing Share
“Placing Shares”	a maximum of 95,200,000 Shares to be placed under the Placing
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purposes of this circular;
“Quam Securities”	Quam Securities Company Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), Type 2 (dealings in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the issued Share(s)

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Specified Event”	any material breach of any of the representations, warranties and undertakings given by the Company under this Agreement comes to the knowledge of the Placing Agent or an event occurring or matter arising on or after the date hereof and prior to the date of completion which if it had occurred or arisen before the date hereof would have rendered any of the undertakings, warranties and representations given by the Company in the Placing Agreement untrue or incorrect and such would have a material adverse impact on the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 27 August 2015

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, Mr. Lau Yiu Kit and Mr. Zeng Zhaohui.