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# ARTINI

**ARTINI CHINA CO. LTD.**  
**雅天妮中國有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 789)**

## **CONNECTED TRANSACTIONS: ACQUISITION OF PROPERTIES**

Financial Adviser to Artini China Co. Ltd.



On 28 March 2011, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into (i) the First Agreement with Mr. Tse (as vendor) in relation to the First Acquisition at a consideration of RMB1,792,700; (ii) the Second Agreement with Mr. Tse (as vendor) in relation to the Second Acquisition at a consideration of RMB3,087,540; and (iii) the Third Agreement with Mr. Tse (as vendor) in relation to the Third Acquisition at a consideration of RMB1,730,590.

Mr. Tse is the Chairman of the Company, an executive Director and a controlling Shareholder (as defined under the Listing Rules). Accordingly, the Acquisitions constitute connected transactions for the Company under Chapter 14A of the Listing Rules. Since each of the aggregated applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisitions is less than 5%, the Acquisitions are only subject to the reporting and announcement requirements under the Listing Rules and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **THE FIRST AGREEMENT**

Date: 28 March 2011

Parties: the Purchaser  
Mr. Tse (as vendor)

The Purchaser is a wholly-owned subsidiary of the Company.

Mr. Tse is the Chairman of the Company, an executive Director and a controlling Shareholder (as defined under the Listing Rules).

## Property to be acquired

The First Property is located at Unit 1611, 16th Floor, Yian Plaza, No. 33 Jian She Lu Ma Lu, Yue Xiu Qu, Guangzhou, the PRC with construction area of approximately 117.17 square meters.

The First Property is an office for commercial use and has a tenancy agreement effective from 20 October 2010 to 19 October 2011. It is pledged in favour of a PRC bank for the mortgage granted to Mr. Tse (the “**First Pledge**”) Set out below is a summary of the unaudited financial information on the First Property for the 11 months ended 28 February 2011 and the two financial years ended 31 March 2010:

	<b>For the 11 months ended 28 February 2011 RMB</b>	<b>For the year ended 31 March 2010 RMB</b>	<b>For the year ended 31 March 2009 RMB</b>
Revenue	96,333	111,000	107,800
Net profit before taxation	96,278	105,742	102,680
Net profit after taxation	82,791	90,202	87,588

The original cost of the First Property to Mr. Tse is approximately HK\$1,540,000.

## Consideration

The First Consideration is RMB1,792,700 (equivalent to approximately HK\$2,121,481), which will be payable by the Purchaser in the following manners:

- (i) a deposit of RMB1,075,620 (equivalent to approximately HK\$1,272,889) (the “**First Deposit**”) shall be paid in cash within seven days upon signing of the First Agreement;
- (ii) Mr. Tse shall apply for the release of the First Pledge immediately upon receipt of the First Deposit. Subject to the release of the First Pledge, the remaining balance of RMB717,080 (equivalent to approximately HK\$848,592) shall be paid in cash within two days after obtaining the property certificate under the name of the Purchaser from relevant government authority.

Mr. Tse has engaged Worldunion Appraisal, an independent PRC valuer, to perform an independent valuation on the value of the First Property.

The First Consideration was arrived at after arm’s length negotiation between the Purchaser and Mr. Tse by reference to the First Valuation of RMB2,109,060 (equivalent to HK\$2,495,862).

The Directors intend to satisfy the First Consideration by the Group’s internal resources.

## Delivery of the First Property

Mr. Tse shall deliver the First Property to the Purchaser within seven days from the date upon which (i) the full amount of the First Consideration is settled; (ii) the property certificate under the name of the Purchaser is obtained from relevant government authority; and (iii) the First Pledge is released (the “**First Delivery Date**”).

Pursuant to the First Agreement, if Mr. Tse is unable to deliver the First Property on the First Delivery Date, Mr. Tse shall pay the Purchaser a compensation fee of 0.04% of the First Consideration on a daily basis, which shall accrue from the date immediately following the First Delivery Date up to the actual date of delivery of the First Property by Mr. Tse to the Purchaser.

Given that the First Consideration represents a discount of approximately 15% to the First Valuation, the Directors (including the independent non-executive Directors) considered that the terms of the First Agreement (including the First Consideration) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

### **Others**

If any of the parties to the First Agreement do not fulfill its obligations under the First Agreement which results in the non-performance of the First Agreement, the party who has fulfilled its obligation shall be entitled to a penalty fee of amount equivalent to (i) the First Deposit; or (ii) 20% of the First Consideration.

Should Mr. Tse fail to complete the transfer of the property certificate of the First Property under the name of the Purchaser within 60 days from the payment of the First Deposit by the Purchaser (the “**First Long Stop Date**”), the First Agreement shall be revoked and Mr. Tse shall return the First Deposit paid by the Purchaser within 7 days from the First Long Stop Date.

## **THE SECOND AGREEMENT**

Date: 28 March 2011

Parties: the Purchaser  
Mr. Tse (as vendor)

### **Property to be acquired**

The Second Property is located at Unit 1612, 16th Floor, Yian Plaza, No. 33 Jian She Lu Ma Lu, Yue Xiu Qu, Guangzhou, the PRC with construction area of approximately 201.80 square meters.

The Second Property is an office for commercial use and has a tenancy agreement effective from 1 April 2011 to 31 March 2013. It is pledged in favour of a PRC bank for the mortgage granted to Mr. Tse (the “**Second Pledge**”). Set out below is a summary of the unaudited financial information on the Second Property for the 11 months ended 28 February 2011 and the two financial years ended 31 March 2010;

	<b>For the 11 months ended 28 February 2011 RMB</b>	<b>For the year ended 31 March 2010 RMB</b>	<b>For the year ended 31 March 2009 RMB</b>
Revenue	177,584	193,728	184,368
Net profit before taxation	177,529	193,728	184,174
Net profit after taxation	152,667	166,606	158,362

The original cost of the Second Property to Mr. Tse is approximately HK\$2,659,000.

### **Consideration**

The Second Consideration is RMB3,087,540 (equivalent to approximately HK\$3,653,795), which will be payable by the Purchaser in the following manners:

- (i) a deposit of RMB1,852,520 (equivalent to approximately HK\$2,192,272) (the “**Second Deposit**”) shall be paid in cash within seven days upon signing of the Second Agreement;
- (ii) Mr. Tse shall apply for the release of the Second Pledge immediately upon receipt of the Second Deposit. Subject to the release of the Second Pledge, the remaining balance of RMB1,235,020 (equivalent to approximately HK\$1,461,523) shall be paid in cash within two days after obtaining the property certificate under the name of the Purchaser from relevant government authority.

Mr. Tse has engaged Worldunion Appraisal, an independent PRC valuer, to perform an independent valuation on the value of the Second Property.

The Second Consideration was arrived at after arm’s length negotiation between the Purchaser and Mr. Tse by reference to the Second Valuation of RMB3,632,400 (equivalent to HK\$4,298,582).

The Directors intend to satisfy the Second Consideration by the Group’s internal resources.

### **Delivery of the Second Property**

Mr. Tse shall deliver the Second Property to the Purchaser within seven days from the date upon which (i) the full amount of the Second Consideration is settled; (ii) the property certificate under the name of the Purchaser is obtained from relevant government authority; and (iii) the Second Pledge is released (the “**Second Delivery Date**”).

Pursuant to the Second Agreement, if Mr. Tse is unable to deliver the Second Property on the Second Delivery Date, Mr. Tse shall pay the Purchaser a compensation fee of 0.04% of the Second Consideration on a daily basis, which shall accrue from the date immediately following the Second Delivery Date up to the actual date of delivery of the Second Property by Mr. Tse to the Purchaser.

Given that the Second Consideration represents a discount of approximately 15% to the Second Valuation, the Directors (including the independent non-executive Directors) considered that the terms of the Second Agreement (including the Second Consideration) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

### **Others**

If any of the parties to the Second Agreement do not fulfill its obligations under the Second Agreement which results in the non-performance of the Second Agreement, the party who has fulfilled its obligation shall be entitled to a penalty fee of amount equivalent to (i) the Second Deposit; or (ii) 20% of the Second Consideration.

Should Mr. Tse fail to complete the transfer of the property certificate of the Second Property under the name of the Purchaser within 60 days from the payment of the Second Deposit by the Purchaser (the “**Second Long Stop Date**”), the Second Agreement shall be revoked and Mr. Tse shall return the Second Deposit paid by the Purchaser within 7 days from the Second Long Stop Date.

### **THE THIRD AGREEMENT**

Date: 28 March 2011

Parties: the Purchaser  
Mr. Tse (as vendor)

### **Property to be acquired**

The Third Property is located at Unit 1613, 16th Floor, Yian Plaza, No. 33 Jian She Lu Ma Lu, Yue Xiu Qu, Guangzhou, the PRC with construction area of approximately 113.11 square meters.

The Third Property is an office for commercial use and has a tenancy agreement effective from 11 April 2010 to 10 April 2011. It is pledged in favour of a PRC bank for the mortgage granted to Mr. Tse (the “**Third Pledge**”). Set out below is a summary of the unaudited financial information on the Third Property for the 11 months ended 28 February 2011 and the two financial years ended 31 March 2010:

	<b>For the 11 months ended 28 February 2011 RMB</b>	<b>For the year ended 31 March 2010 RMB</b>	<b>For the year ended 31 March 2009 RMB</b>
Revenue	91,300	95,040	84,168
Net profit before taxation	91,245	94,800	76,968
Net profit after taxation	78,463	81,494	65,184

The original cost of the Third Property to Mr. Tse is approximately HK\$1,535,000.

## Consideration

The Third Consideration is RMB1,730,590 (equivalent to approximately HK\$2,047,980), which will be payable by the Purchaser in the following manners:

- (i) a deposit of RMB1,038,360 (equivalent to approximately HK\$1,228,795) (the “**Third Deposit**”) shall be paid in cash within seven days upon signing of the Third Agreement;
- (ii) Mr. Tse shall apply for the release of the Third Pledge immediately upon receipt of the Third Deposit. Subject to the release of the Third Pledge, the remaining balance of RMB692,230 (equivalent to approximately HK\$819,185) shall be paid in cash within two days after obtaining the property certificate under the name of the Purchaser from relevant government authority.

Mr. Tse has engaged Worldunion Appraisal, an independent PRC valuer, to perform an independent valuation on the value of the Third Property.

The Third Consideration was arrived at after arm’s length negotiation between the Purchaser and Mr. Tse by reference to the Third Valuation of RMB2,035,980 (equivalent to HK\$2,409,379).

The Directors intend to satisfy the Third Consideration by the Group’s internal resources.

## Delivery of the Third Property

Mr. Tse shall deliver the Third Property to the Purchaser within seven days from the date upon which (i) the full amount of the Third Consideration is settled; (ii) the property certificate under the name of the Purchaser is obtained from relevant government authority; and (iii) the Third Pledge is released (the “**Third Delivery Date**”).

Pursuant to the Third Agreement, if Mr. Tse is unable to deliver the Third Property on the Third Delivery Date, Mr. Tse shall pay the Purchaser a compensation fee of 0.04% of the Third Consideration on a daily basis, which shall accrue from the date immediately following the Third Delivery Date up to the actual date of delivery of the Third Property by Mr. Tse to the Purchaser.

Given that the Third Consideration represents a discount of approximately 15% to the Third Valuation, the Directors (including the independent non-executive Directors) considered that the terms of the Third Agreement (including the Third Consideration) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

## Others

If any of the parties to the Third Agreement do not fulfill its obligations under the Third Agreement which results in the non-performance of the Third Agreement, the party who has fulfilled its obligation shall be entitled to a penalty fee of amount equivalent to (i) the Third Deposit; or (ii) 20% of the Third Consideration.



Should Mr. Tse fail to complete the transfer of the property certificate of the Third Property under the name of the Purchaser within 60 days from the payment of the Third Deposit by the Purchaser (the “**Third Long Stop Date**”), the Third Agreement shall be revoked and Mr. Tse shall return the Third Deposit paid by the Purchaser within 7 days from the Third Long Stop Date.

## **REASONS FOR THE ACQUISITIONS**

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

The Acquisitions serve for investment purpose of the Group and the generation of rental income for the Group in future. The Directors (including the independent non-executive Directors) consider that the Acquisitions are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATION**

Mr. Tse is the Chairman of the Company, an executive Director and a controlling Shareholder (as defined under the Listing Rules). Accordingly, the Acquisitions constitute connected transactions for the Company under Chapter 14A of the Listing Rules. Since each of the aggregated applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisitions is less than 5%, the Acquisitions are only subject to the reporting and announcement requirements under the Listing Rules and are exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Ms. Yip Ying Kam and Mr. Lin Shao Hua (both being executive Directors) are the spouse and brother-in-law of Mr. Tse respectively and are deemed to be interested in the Acquisitions. Accordingly, Mr. Tse, Ms. Yip Ying Kam and Mr. Lin Shao Hua were abstained from voting on the Board resolutions approving the Acquisitions and the transactions contemplated thereunder.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“Acquisitions”	the First Acquisition, the Second Acquisition and the Third Acquisition
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Artini China Co. Ltd. (Stock code: 789), a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“Director(s)”	director(s) of the Company

“First Acquisition”	the acquisition of the First Property by the Purchaser from Mr. Tse pursuant to the terms and conditions of the First Agreement
“First Agreement”	the sale and purchase agreement dated 28 March 2011 entered into between the Purchaser and Mr. Tse (as vendor) in respect of the First Acquisition
“First Consideration”	the consideration for the First Acquisition
“First Property”	Unit 1611, 16th Floor, Yian Plaza, No. 33 Jian She Lu Ma Lu, Yue Xiu Qu, Guangzhou, the PRC with construction area of approximately 117.17 square meters
“First Valuation”	the valuation on the value of the First Property as at 17 November 2010
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Shareholders”	Shareholders other than Mr. Tse and his associates (including Ms. Yip Ying Kam and Mr. Lin Shao Hua)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tse”	Mr. Tse Chiu Kwan, the Chairman of the Company, an executive Director and a controlling Shareholder (as defined under the Listing Rules)
“PRC”	the People’s Republic of China
“Properties”	the First Property, the Second Property and the Third Property
“Purchaser”	深圳雅天妮飾品有限公司 (Shenzhen Artini Fashion Accessories Co., Ltd.*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Second Acquisition”	the acquisition of the Second Property by the Purchaser from Mr. Tse pursuant to the terms and conditions of the Second Agreement
“Second Agreement”	the sale and purchase agreement dated 28 March 2011 entered into between the Purchaser and Mr. Tse (as vendor) in respect of the Second Acquisition
“Second Consideration”	the consideration for the Second Acquisition
“Second Property”	Unit 1612, 16th Floor, Yian Plaza, No. 33 Jian She Lu Ma Lu, Yue Xiu Qu, Guangzhou, the PRC with construction area of approximately 201.80 square meters



“Second Valuation”	the valuation on the value of the Second Property as at 17 November 2010
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Acquisition”	the acquisition of the Third Property by the Purchaser from Mr. Tse pursuant to the terms and conditions of the Third Agreement
“Third Agreement”	the sale and purchase agreement dated 28 March 2011 entered into between the Purchaser and Mr. Tse (as vendor) in respect of the Third Acquisition
“Third Consideration”	the consideration for the Third Acquisition
“Third Property”	Unit 1613, 16th Floor, Yian Plaza, No. 33 Jian She Lu Ma Lu, Yue Xiu Qu, Guangzhou, the PRC with construction area of approximately 113.11 square meters
“Third Valuation”	the valuation on the value of the Third Property as at 17 November 2010
“Worldunion Appraisal”	深圳市世聯土地房地產評估有限公司 (Worldunion Appraisal Limited*)
“%”	per cent.

By Order of the Board  
**Artini China Co. Ltd.**  
**Tse Chiu Kwan**  
*Chairman*

Hong Kong, 28 March 2011

*Unless otherwise specified in this announcement, amounts denominated in RMB have been converted, for the purpose of illustration only, into HK\$ as RMB1:HK\$1.1834.*

*As at the date of this announcement, the executive directors of the Company are Mr. Tse Chiu Kwan, Mr. Lin Shao Hua and Mr. Lau Yau Chuen, Louis; the non-executive director of the Company is Ms. Yip Ying Kam; and the independent non-executive directors of the Company are Mr. Lau Fai Lawrence, Mr. Fan William Chung Yue and Mr. Lau Yiu Kit.*

\* For identification purpose only