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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)

ANNOUNCEMENT

INTERNAL CONTROL REVIEW

Reference is made to the Press Release (the “**Press Release**”) published by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 23 August 2011 and the Company’s announcements dated 9 September 2011, 2 November 2011 and 14 November 2011.

THE FOLLOW-UP INTERNAL CONTROL REVIEW REPORT AND SUPPLEMENTARY REPORT

ZHONGLEI Risk Advisory Services Limited (“**ZHONGLEI Risk**”), the Adviser to the Company (per the Company’s announcements dated 9 September 2011 and 14 November 2011), has conducted a follow-up internal control review on the Company based on its internal control review report issued on 7 November 2011 (the “**First Report**”, per the Company’s announcement dated 14 November 2011), and provided the Company with a follow-up internal control review report (the “**Second Report**”) with the follow-up review period from 7 November 2011 to 16 January 2012 (the “**Follow-up Review Period**”). The Second Report should, but did not, contain the Adviser’s confirmation of the Company’s full implementation of its recommendations in the First Report. In response to the Listing Division’s request on 27 January 2012 to clarify issues relating to implementation of the recommendations in the First Report, ZHONGLEI Risk has provided the Company with a supplementary report to the Second Report (the “**Supplementary Report**”). In relation to paragraph 1(b) of the directions of the Listing Committee contained in the Press Release, the Company has furnished the Listing Division with the Second Report and the Supplementary Report.

The objective of the follow-up internal control review is to assess whether the recommendations in the First Report have been fully implemented and the deficiencies mentioned in the First Report have been properly rectified.

ZHONGLEI Risk concluded that the Company has fully implemented their recommendations as stated in the First Report, except for the recommendation on preventive control regarding establishment of tailored induction information of the Company for newly appointed directors, and written comprehensive training policy. ZHONGLEI Risk stated in the Supplementary Report that the Company has nevertheless adopted other measures to remedy this identified deficiency as stated in the First Report, although not to ZHONGLEI Risk's satisfaction. ZHONGLEI Risk noted that the Company has therefore agreed to adopt and implement all of ZHONGLEI Risk's further recommendations as stated in the Supplementary Report. Subject to completion of the Company's implementation of all the further recommendations, ZHONGLEI Risk is satisfied that the Company has addressed all the internal control deficiencies it identified in the First Report. The Company confirms that it has completed the implementation of the further recommendations as of the date of this announcement.

The Board of Directors considered that the following are the key findings made by ZHONGLEI Risk in the Second Report and the Supplementary Report:

- (i) To address ZHONGLEI Risk's recommendations on training, including its recommendation to arrange training on Listing Rules updates for the Company's directors, CFO, Company Secretarial Assistant and other members of the senior management on an annual basis as stated in the First Report, the Company intends to provide training to all of its directors, CFO, Investor Relations Manager, Company Secretarial Assistant and other relevant staff in relation to Listing Rules compliance twice per year.

The relevant training policy was adopted by the Company in December 2011. (The Company confirms that a training session regarding internal controls for the Company's staff was held at the end of February (after the completion of the Supplementary Report) and the Company is arranging further training session(s) for its directors and senior management. Subsequently, the Company has further established written and comprehensive training policies and procedures (see (vi) below).)

Further, as ZHONGLEI Risk noted in the Supplementary Report, the Company has adopted an arrangement that the Internal Control Manager shall be responsible for arranging training to the directors of the Company if necessary (see (vi) below).

(ii) Since the issuance of the First Report, the Company has established or updated the following policies and procedures:

- Internal policies and procedures in handling announcement and corporate communications (“處理向外界發佈公告和企業信息程序”) - As recommended by ZHONGLEI Risk, every draft announcement shall be circulated to the directors, the CFO, the Company Secretary and the Compliance Adviser for review before publication and that the review process shall be documented.
- Internal policies and procedures in handling notifiable transaction (“處理須予公佈的交易程序”) – Among other things, as recommended by ZHONGLEI Risk, the Company has adopted policies and procedures that (i) the CFO is responsible for notifying the calculation methods of the size tests to all department heads of the Company; (ii) all staff are required to notify the CFO before entering into any transaction over RMB 1 million, and the CFO and the Internal Control Manager are responsible for determining whether such a transaction would be classified as a notifiable transaction; and (iii) the CFO is responsible for calculating the size tests under Rule 14.06 of the Listing Rules.
- Internal policies and procedures in handling media enquiries (“回應媒體詢問程序”)
- Internal policies and procedures in handling rumours (“處理市場謠言程序”)
- Internal policies and procedures in handling unusual price movement (“股價管理報告”)
- Internal policies and procedures in handling Stock Exchange enquiries (“回應聯交所程序”)
- Internal policies and procedures in handling profit warning (“盈利預警程序”)
- Internal guideline and procedures in handling price-sensitive information (“處理股價敏感資料和信息管理手冊”及“處理股價敏感信息程序”)

The Company had adopted the above policies and procedures with effect from 5 January 2012. As there was no transaction or matter which falls under the scope of these policies and procedures during the Follow-up Review Period, ZHONGLEI Risk noted that it was not in a position to assess the effectiveness of implementation of these policies and procedures.

- (iii) During the Follow-up Review Period, ZHONGLEI Risk considered that there was a risk for non-compliance with the then newly amended Listing Rules, as the Company did not provide any training to its directors in relation to the then latest amendments to the Listing Rules (i.e. the amendments relating to the Corporate Governance Code and associated Listing Rules, Property Valuation Requirements and Debt Issues for Professional Investors Only).

The Company considers that the amendments relating to Debt Issues for Professional Investors Only are not related to the business nature of the Company. As regards the other amendments, the Company's directors and management have received updates from the Company's Compliance Adviser and the Company has arranged a review meeting in relation to the amendments relating to the Corporate Governance Code and associated Listing Rules with the Compliance Adviser for its directors and senior management.

- (iv) The Company has employed a qualified accountant as an Internal Control Manager on 1 December 2011 to oversee Listing Rule compliance matters of the Company and evaluate the need for training on Listing Rule compliance for the Company's staff on a regular basis. (After the issuance of the Supplementary Report, the former Internal Control Manager left the employment of the Company on 29 February 2012 and the Company is currently hiring a replacement to fill this vacancy.)
- (v) The Company has assigned its internal control department to conduct a compliance review in mid-February 2012, so as to check whether the policies and procedures in (ii) above have been strictly followed.
- (vi) The Company agreed to fully implement the further recommendations in the Supplementary Report made by ZHONGLEI Risk as follows:
- Establish a set of comprehensive induction documents to be provided to newly appointed directors and will require newly appointed directors to sign an acknowledgement to the Company after reading those induction documents. The Chairman (and during his leave of absence, the Vice-Chairman) of the Company will be responsible for ensuring that the induction documents are accurate and sufficient to reflect the current status of the Company's business and the information is sufficient to enable the new appointees to perform their role as the Company's directors. (The Company confirms that it has established a comprehensive set of induction documents on 19 April 2012.)

- Prepare written and comprehensive training policies and procedures for all directors, CFO, Investor Relations Manager, Company Secretarial Assistant and other relevant staff in respect of compliance of the requirements of the Listing Rules and corporate governance. (The Company confirms that it has established the relevant training policies and procedures on 30 March 2012.)
- Arrange training session to the directors of the Company if there is any update of the Listing Rules on the website of HKEX or as advised by the Compliance Adviser of the Company. The Chairman (and during his leave of absence, the Vice-Chairman) shall consider whether it would be necessary for different members of the Board, by taking into account different educational background and knowledge of the directors.
- Internal Control Manager shall be responsible for checking whether there is any update of Listing Rules in the website of the Stock Exchange on quarterly basis. If there is any update, Internal Control Manager shall be responsible for arranging training for the directors of the Company, if necessary.

(vii) In relation to ZHONGLEI Risk’s recommendation to extend the length of the notice period required for termination or resignation of top management staff to three months, the Company has agreed that it will consider the length of notice period for different staff according to their functions and duties so that sufficient time could be provided in handling handover procedures effectively.

(viii) In relation to ZHONGLEI Risk’s recommendation to fill the vacancy of the Company Secretary Officer (which has been renamed “Company Secretarial Assistant”), the Company has asked the Assistant to the Chairman of the Company to take up the duties and responsibilities of the Company Secretarial Assistant during the Follow-up Review Period.

The Company is committed to monitor the proper execution of the Company’s policies and procedures, in relation to internal controls and Listing Rule compliance, including those policies and procedures referred to in (ii) above. The Directors are committed to use their best endeavours to maintain sufficient knowledge and expertise in relation to internal controls and Listing Rule compliance.

The Company has not been able to comply with the timeframe specified by the Listing Committee in the Press Release regarding the provision of the Second Report to the Listing Division. The Second Report, which should contain the Adviser's confirmation of the Company's full implementation of its recommendations in the First Report, was due on 7 January 2012. The Company's application for a 14-day time extension to provide the Second Report to the Listing Division was declined by the Listing Committee. The Company eventually produced the Second Report to the Listing Division on 17 January 2012, and, in response to the Listing Division's request on 27 January 2012, the Company provided the Supplementary Report on 21 February 2012. The Company completed the implementation of all the recommendations made by ZHONGLEI Risk on 19 April 2012.

Save for the delay in furnishing the Listing Division with the Second Report, the Company confirms that paragraphs 1 and 2 of the directions of the Listing Committee contained in the Press Release have been complied with.

By order of the Board
Artini China Co. Ltd.
Yip Ying Kam
Vice-Chairman

Hong Kong, 4 May 2012

As at the date of this announcement, the executive directors of the Company are Mr. Tse Chiu Kwan and 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.