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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)

**(1) MAJOR TRANSACTION RELATING TO THE
ACQUISITION OF ENTIRE INTEREST IN THE TARGET COMPANY;
(2) CONNECTED TRANSACTION RELATING TO
THE SUBSCRIPTION FOR NEW SHARES
BY A CONTROLLING SHAREHOLDER
AND
(3) APPLICATION FOR WHITEWASH WAIVER**

Financial adviser to the Company



China Investment Securities International Capital Limited

THE ACQUISITION

On 13 April 2016 (after trading hours), the Purchaser, the Vendors and the Guarantor entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell the Sale Shares (representing all the issued shares of the Target Company) for an aggregate consideration of HK\$160 million, which will be satisfied in cash from the net proceeds of the Subscription.

The Target Company is principally engaged in developing and selling software related applications which can be purchased by businesses to facilitate e-commerce of their products and services and is owned as to 94% by Stand Charm and 6% by Dragon Max as at the date of this announcement.

The completion of the Acquisition is conditional upon the satisfaction of the conditions precedent as set out in the sub-section headed “Conditions precedent to the completion of the Acquisition” under the section headed “The Acquisition Agreement” in this announcement. Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

THE SUBSCRIPTION

On 13 April 2016 (after trading hours), the Subscriber entered into the Subscription Agreement with the Company pursuant to which the Subscriber has conditionally agreed to subscribe for, in cash, and the Company has conditionally agreed to allot and issue a total of 2,440,000,000 Subscription Shares at the price of HK\$0.074 per Subscription Share.

Assuming there is no change in the share capital of the Company other than the issue of the Subscription Shares since the date of the Subscription Agreement up to completion of the Subscription, the 2,440,000,000 Subscription Shares represent (i) approximately 94.95% of all the issued shares of the Company as at the date of the Subscription Agreement; and (ii) approximately 48.70% of all the issued shares of the Company as enlarged by the allotment and issue of the Subscription Shares.

The net proceeds from the Subscription are estimated to be approximately HK\$178 million. The Group intends to apply approximately HK\$160 million of the net proceeds from the Subscription to finance the cash consideration for the Acquisition and to use approximately HK\$18 million of the net proceeds from the Subscription as the general working capital of the Group.

The Subscription Shares will be allotted and issued to the Subscriber pursuant to the specific mandate proposed to be sought from the Independent Shareholders by way of poll at the SGM.

The completion of the Subscription is conditional upon the satisfaction of the conditions precedent as set out in the sub-section headed “Conditions precedent to the completion of the Subscription” under the section headed “The Subscription Agreement” in this announcement.

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with all the Shares in issue at the date of allotment and issue of the Subscription Shares, including the right to any dividends or distributions made or declared on or after the date of allotment and issue of the Subscription Shares.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the approval of the Independent Shareholders at the SGM. In addition, given the Acquisition and the Subscription are inter-conditional, the Company voluntarily complies with the reporting, announcement and Independent Shareholders' approval requirements in respect of the Acquisition under Chapter 14A of the Listing Rules.

Since the Subscriber is a controlling shareholder of the Company and is therefore a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the approval of the Independent Shareholders by way of poll at the SGM.

Given the Subscriber is beneficially wholly-owned by Mr. Tse and the Acquisition and the Subscription are inter-conditional, Mr. Tse, the Subscriber, their respective associates and parties acting in concert with any of them shall abstain from voting in respect of the resolution(s) approving the Acquisition, the Subscription (including the grant of a specific mandate for the issuance of new Shares pursuant to the Subscription) and the Whitewash Waiver at the SGM.

TAKEOVERS CODE IMPLICATIONS

As at the date of the Subscription Agreement, the Subscriber held 1,085,267,988 Shares, representing approximately 42.23% of the voting rights of the Company. Upon completion of the Subscription, 2,440,000,000 Subscription Shares will be issued to the Subscriber, and the interests of the Subscriber and persons acting in concert with it in the voting rights of the Company will be increased from approximately 42.81% to approximately 70.66% (assuming that no additional Shares other than the Subscription Shares will be issued since the date of the Subscription Agreement up to completion of the Subscription). Accordingly, the Subscriber and persons acting in concert with it, in the absence of the Whitewash Waiver, would be obliged to make a general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by them.

An application to the Executive for the Whitewash Waiver has been made by the Subscriber. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the SGM by way of poll. The Subscriber and parties acting in concert with it, and any other Shareholders who are involved or interested in the Acquisition, Subscription and/or the Whitewash Waiver shall abstain from voting at the SGM in respect of the resolution approving the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver. If the Executive does not grant the Whitewash Waiver, neither the Acquisition nor the Subscription will proceed.

GENERAL

A SGM will be convened to approve the Acquisition and the transactions contemplated thereunder, the Subscription and the transactions contemplated thereunder and the Whitewash Waiver, pursuant to the Listing Rules and Takeovers Code.

As at the date of this announcement, the Vendors and Mr. Zhuang do not hold any Shares.

Pursuant to Rule 13.39(6) of the Listing Rules and Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders on the terms of the Acquisition Agreement and the transactions contemplated thereunder, the terms of the Subscription Agreement and the transactions contemplated thereunder and the terms of the Whitewash Waiver and as to voting at the SGM.

None of the members of the Independent Board Committee have any interest or involvement in the transactions contemplated under the Acquisition Agreement, Subscription Agreement and/or the Whitewash Waiver. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder, the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver. Such appointment has been approved by the Independent Board Committee.

A circular containing, among other things, (i) further details of the Acquisition Agreement; the Subscription Agreement and the Whitewash Waiver; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder, the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver and as to voting in the SGM; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition Agreement and the transactions contemplated thereunder, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver; (iv) a notice of the SGM; and (v) other information as required under the Listing Rules and the Takeovers Code, for the purpose of the SGM, will be dispatched to the Shareholders of the Company on or before 4 May 2016.

Shareholders and potential investors should be aware of and take note that the Acquisition and the Subscription, which are subject to a number of conditions precedent, may or may not proceed to completion. In particular, the Whitewash Waiver may not be granted by the Executive or approved by the Independent Shareholders. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

INTRODUCTION

On 13 April 2016 (after trading hours), the Purchaser (an indirectly wholly-owned subsidiary of the Company) entered into the Acquisition Agreement pursuant to which the Purchaser conditionally agreed to acquire the Sale Shares (representing all the issued shares of the Target Company), and the Company entered into the Subscription Agreement pursuant to which the Company has conditionally agreed to allot and issue a total of 2,440,000,000 Subscription Shares to the Subscriber.

Further information on the Acquisition Agreement, the Subscription Agreement and the business of the Target Company is set out below.

THE ACQUISITION AGREEMENT

Date:

13 April 2016 (after trading hours)

Parties:

Purchaser: Artini Sales Company Limited

Vendors: (1) Stand Charm; and

(2) Dragon Max

The principal business of each Vendor is investment holding.

Guarantor: Mr. Zhuang, as guarantor of the Vendors' obligations under the Acquisition Agreement

Mr. Zhuang is the sole director and ultimate legal and beneficial owner of each Vendor. The Vendors and Mr. Zhuang are Independent Third Parties and as at the date of this announcement, do not hold any Shares.

Assets being acquired:

The Sale Shares, representing all the issued shares of the Target Company.

Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

Consideration for the Acquisition:

The consideration for the Acquisition under the Acquisition Agreement is HK\$160 million in total and all payments will be apportioned between Stand Charm and Dragon Max as to 94% and 6% respectively, proportionate to their respective shareholding in the Target Company. The consideration is payable to a designated account of the Vendors in three installments as follows:

(i) HK\$100 million within 14 days of completion of Subscription;

- (ii) HK\$30 million within 14 days after completion of and an agreement being reached between the Purchaser and the Vendors on the Target Company's June 2016 Accounts and provided that the profit after tax attributable to shareholders based on such unaudited management accounts is not less than HK\$5 million; and
- (iii) HK\$30 million within 14 days after completion of and an agreement being reached between the Purchaser and the Vendors on the Target Company's December 2016 Accounts and provided that the profit after tax attributable to shareholders is not less than HK\$11 million.

For the avoidance of doubt:

- (i) the second installment of the consideration for the Acquisition will only be payable when (a) the Target Company's June 2016 Accounts is available and has been agreed upon by the Purchaser and the Vendors; and (b) the profit after tax attributable to the shareholders of the Target Company as set out in the Target Company's June 2016 Accounts is not less than HK\$5 million; and
- (ii) the third installment of the consideration for the Acquisition will only be payable when (a) the Target Company's December 2016 Accounts is available and has been agreed upon by the Purchaser and the Vendors; and (b) the profit after tax attributable to shareholders of the Target Company as set out in the Target Company's December 2016 Accounts is not less than HK\$11 million.

The consideration for the Acquisition was arrived at based on normal commercial terms after arm's length negotiation between the Purchaser and the Vendors with reference to, among the other things, (i) the historical financial performance of the Target Company; (ii) the growth and development potential and prospect of the Target Company; (iii) the anticipated synergy to be created for the Group's existing business after completion of the Acquisition, such as enhancement on the platform for the Group's existing online sales, obtaining a better understanding on the customer's needs between both sides in our retail and internet sales and further development on smart jewellery accessories; and (iv) the historical price-to-earnings ratio of some companies engaged in business similar to that of the Target Company.

Conditions precedent to the completion of the Acquisition:

Completion of the Acquisition is conditional upon, among other things, the fulfillment of the following conditions precedent:

- (i) the Whitewash Waiver being granted by the Executive;

- (ii) all the conditions precedent under the Subscription Agreement (except the satisfaction of conditions precedent under the Acquisition Agreement) having been satisfied;
- (iii) each key employee of the Target Company as specified in the Acquisition Agreement having signed an employment contract with the Purchaser or its nominee in the form and substance satisfactory to the Purchaser and effective on the date of completion of the Acquisition;
- (iv) the Purchaser having completed the financial and legal due diligence review on the Target Company and being satisfied with the results of such review in all aspects;
- (v) all necessary approvals and/or consents in relation to authorizing the execution, delivery and performance of the Acquisition Agreement and the transactions contemplated thereunder having been obtained by the Vendors and/or the Target Company;
- (vi) the consummation of the transactions contemplated under the Acquisition Agreement not having been restrained, enjoined or otherwise prohibited by any applicable laws and regulations, any order, injunction, decree or judgment of any court or other governmental authority;
- (vii) all representations, warranties and undertakings given by the Vendors under the Acquisition Agreement remaining true, accurate and complete, and none of the provisions of the Acquisition Agreement having been breached in any material respect; and
- (viii) there being no material adverse change in the financial position, business or operations of the Target Company.

Any of the above conditions precedent (other than in paragraphs (i) and (ii) above) can be waived by the Purchaser.

If all of the conditions precedent set out in the Acquisition Agreement have not been fulfilled and/or waived (as the case maybe) on or before the Long Stop Date or such other date as may be agreed by the Vendors and the Purchaser, each of the Vendors and the Purchaser has the right to terminate the Acquisition Agreement (other than the provisions in relation to, among others, confidentiality, notice and governing law, which shall survive) and thereafter no party shall have any liability save for antecedent breaches.

Completion of the Acquisition:

Completion of the Acquisition will, subject to all the conditions precedent set out in the section headed “Conditions precedent to the completion of the Acquisition” above (to the extent not waived) being fulfilled, take place on the fourth Business Day after the date of the fulfillment or waiver of such conditions precedent or such later date as the parties to the Acquisition Agreement may agree in writing.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability that is principally engaged in developing and selling software related applications which can be purchased by businesses to facilitate e-commerce of their products and services. As at the date of this announcement, the Target Company is owned as to 94% by Stand Charm and 6% by Dragon Max.

Set out below is a summary of the financial information of the Target Company extracted from the audited financial statement of the Target Company for the period ended from 18 June 2013 (being the date of incorporation of the Target Company) to 31 December 2014 and the unaudited management accounts of the Target Company for the year ended 31 December 2015, which have been prepared in accordance with generally accepted accounting standards in Hong Kong:

	For the period ended from 18 June 2013 to 31 December 2014 (audited) (HK\$'000)	For the year ended 31 December 2015 (unaudited) (HK\$'000)
(Loss)/Profit before taxation	<u>(62)</u>	<u>9,580</u>
(Loss)/Profit after taxation	<u>(62)</u>	<u>9,580^(Note1)</u>

Note:

1. This value does not take into account the amount of profits tax payable by the Target Company for the year ended 31 December 2015 as it is not yet available as at the date of this announcement.

The unaudited net assets of the Target Company as at 31 December 2015 was approximately HK\$9.6 million.

Pursuant to Rules 14.58(6) and (7) of the Listing Rules, the Company is required to disclose the above financial information relating to the Target Company in this announcement. Pursuant to Rule 10 of the Takeovers Code, the above unaudited financial information relating to the Target Company constitutes a profit forecast. As such, the Company is required to comply with the requirements under Rule 10 of the Takeovers Code with respect to the above unaudited financial information relating to the Target Company which has to be reported on by the Company's financial adviser and auditor/accountants. However, due to the practical difficulties in terms of the additional time required for the preparation of the reports by the Company's auditor/accountants and financial advisers, the disclosure of the above unaudited financial information relating to the Target Company does not meet the standard required by Rule 10 of the Takeovers Code. A full set of the accountants' reports relating to the Target Company prepared under Hong Kong Financial Reporting Standards, which will be in full compliance with the requirements of the Takeovers Code, will be included in the Circular to be issued by the Company to the Shareholders. Shareholders should note that there may be differences between the financial information relating to the Target Company as presented in this announcement and the financial information to be presented in the Circular to be issued by the Company to the Shareholders.

Shareholders and potential investors should exercise caution in placing reliance on the above unaudited financial information relating to the Target Company in assessing the merits and demerits of the Acquisition, the Subscription, the Whitewash Waiver and other transactions disclosed in this announcement and/or when dealing in the securities of the Company.

THE SUBSCRIPTION AGREEMENT

Date:

13 April 2016 (after trading hours)

Parties:

- (i) Subscriber: Walifax Investments Limited
- (ii) Issuer: the Company

The Subscription Shares:

The Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 2,440,000,000 Subscription Shares. As at the date of the Subscription Agreement, there were 2,569,840,644 Shares in issue and the Subscription Shares represent approximately 94.95% of all the issued shares of the Company as at the date of the Subscription Agreement and, assuming that there is no change in the share capital of the Company other than the issue of the Subscription Shares since the date of the Subscription Agreement up to completion of the Subscription, approximately 48.70% of all the issued shares of the Company upon completion of the Subscription as enlarged by the issue of the Subscription Shares.

Subscription Price:

The Subscription Price of HK\$0.074 per Subscription Share represents:

- (i) a discount of approximately 26.7% to the closing price of HK\$0.101 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a discount of approximately 22.4% to the average closing price of HK\$0.0954 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 22.5% to the average closing price of HK\$0.0955 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 26.9% to the average closing price of HK\$0.1013 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day; and
- (v) a premium of approximately 98.4% over and above the Group's unaudited consolidated net asset value attributable to the Shareholders per Share as at 30 September 2015, the date to which the latest unaudited consolidated financial results of the Company were made up to, of approximately HK\$0.0373 (based on a total of 2,569,840,644 Shares as at the date of this announcement and the Group's unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$95,865,000 as at 30 September 2015).

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to, among other factors, the financial position of the Group, the historical trading volume of the Shares on the Stock Exchange and the recent trading prices of the Shares as quoted on the Stock Exchange. The total consideration for the Subscription Shares in the sum of HK\$180,560,000 will be financed by internal resources available to the Subscriber.

Rankings:

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with all the Shares in issue at the date of allotment and issue of the Subscription Shares, including the right to any dividends or distributions made or declared on or after the date of allotment and issue of the Subscription Shares.

Specific mandate:

The Subscription Shares are to be issued pursuant to a special mandate to be sought from the Independent Shareholders by way of poll at the SGM. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Conditions precedent to the completion of the Subscription:

Completion of the Subscription is conditional upon the fulfillment of the following conditions precedent:

- (i) the obtaining of the Whitewash Waiver, and if such approval is subject to any conditions imposed by the SFC, such conditions being reasonably acceptable to the Subscriber (it being acknowledged that any condition requiring the approval of Shareholders other than the Subscriber or its associates (as defined in the Listing Rules) is acceptable to the Subscriber);
- (ii) the Acquisition Agreement becoming unconditional in accordance with its terms;
- (iii) the approval by the Shareholders who are not required to abstain from voting under the Listing Rules and the Takeovers Code of each of the following at the SGM in accordance with the requirements of the Listing Rules and the Takeovers Code:
 - (a) the Subscription Agreement and the transaction contemplated thereunder, including the allotment and issue under a specific mandate of the Subscription Shares;

- (b) the Whitewash Waiver; and
- (c) the Acquisition Agreement and the transactions contemplated thereunder;
- (iv) the listing of, and permission to deal in, all the Subscription Shares having been granted by the Stock Exchange (either unconditionally or subject only to allotment and matters ancillary thereto) and if such approval is subject to any conditions imposed by the Stock Exchange, such conditions having been fulfilled;
- (v) the Shares remaining listed and traded on the main board of the Stock Exchange at all times from the date of the Subscription Agreement up to the date of completion of the Subscription, save for any temporary suspension in connection with the approval and clearance of the documents relating to the transactions contemplated under the Subscription Agreement and the Acquisition Agreement by the SFC or the Stock Exchange prior to their release of publication;
- (vi) no indication being received prior to the completion of the Subscription from the SFC and the Stock Exchange to the effect that the listing of the Shares on the main board of the Stock Exchange shall or may be withdrawn or objected to;
- (vii) all the authorizations, approvals, consents, waives, and permits of the relevant authorities of the relevant jurisdictions which are necessary to give effect to the Subscription Agreement and the Subscription as required by all laws or regulations applicable to the Company and the Subscriber having been granted, received and obtained, or where such approval, consent, waiver or permit is given subject to conditions, on such conditions as are acceptable to the Company and the Subscriber (as the case may be) acting reasonably;
- (viii) the warranties made, or any of the undertakings given, by the Company under the Subscription Agreement remaining true and correct in all material respects; and
- (ix) there not having occurred at any time any material adverse change or development in the financial or trading position of the Group.

None of the above conditions precedent can be waived by the parties to the Subscription Agreement, save that the Subscriber may, in its absolute discretion, waive the conditions precedent in paragraphs (viii) and (ix) above by notice in writing to the Company.

If all of the conditions precedent set out in the Subscription Agreement have not been fulfilled and/or waived (as the case may be) on or before the Long Stop Date or such other date as may be agreed by the Subscriber and the Company in writing, the Subscription Agreement will automatically terminate with immediate effect (other than the provisions in relation to, among others, notice, governing law and confidentiality, which shall survive), in which case, neither party thereto will have any liability to the other party save for any antecedent breaches of the Subscription Agreement.

Completion of the Subscription:

Completion of the Subscription will, subject to the Whitewash Waiver and the listing permission contemplated in the condition precedent set out in paragraph (iv) of the sub-paragraph headed “Conditions precedent to the completion of the Subscription” not being revoked or withdrawn, take place on the second Business Day after the fulfillment or waiver of the conditions precedent to the completion of the Subscription (or such later date as parties to the Subscription Agreement may agree in writing).

Use of proceeds from the Subscription:

The gross proceeds from the Subscription and the net proceeds (after deducting estimated expenses, including mainly legal and professional fees) from the issue of the Subscription Shares) from the Subscription is estimated to be approximately HK\$181 million and approximately HK\$178 million, respectively. Based on the estimated net proceeds, the net subscription price would be approximately HK\$0.073 per Subscription Share.

The Group intends to apply approximately HK\$160 million of the net proceeds from the Subscription to finance the cash consideration for the Acquisition and to use approximately HK\$18 million of the net proceeds from the Subscription as the general working capital of the Group.

EFFECTS OF THE SUBSCRIPTION

The following table sets out the shareholding structure of the Company as at the date of the Subscription Agreement and immediately after the completion of the Subscription (assuming there are no changes to the share capital and shareholding structure of the Company other than the issue of the Subscription Shares from the date of the Subscription Agreement up to the date of completion of the Subscription):

	As at the date of the Subscription Agreement		Immediately after completion of the Subscription (assuming no Outstanding Options are exercised (Note 4)		Immediately after completion of the Subscription (assuming all Outstanding Option are exercised) (Note 4)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Controlling Shareholder						
The Subscriber (Note 1)	1,085,267,988	42.23	3,525,267,988	70.37	3,525,267,988	65.43
Mr. Tse (Note 2)	14,824,000	0.58	14,824,000	0.29	41,495,400	0.77
Sub-total of the Subscriber and persons acting in concert with it	<u>1,100,091,988</u>	<u>42.81</u>	<u>3,540,091,988</u>	<u>70.66</u>	<u>3,566,763,388</u>	<u>66.20</u>
Executive Director(s)						
Mr. Lin Shao Hua	–	–	–	–	26,671,400	0.50
Public						
Grantees of Outstanding Options (other than Mr. Tse and the Directors) (Note 3)	–	–	–	–	324,699,800	6.03
Other Public Shareholders	<u>1,469,748,656</u>	<u>57.19</u>	<u>1,469,748,656</u>	<u>29.34</u>	<u>1,469,748,656</u>	<u>27.27</u>
	<u>2,569,840,644</u>	<u>100.0</u>	<u>5,009,840,644</u>	<u>100.0</u>	<u>5,387,883,244</u>	<u>100.0</u>

Notes:

1. The Subscriber is beneficially wholly-owned by Mr. Tse.
2. Mr. Tse is an executive Director, the chairman and the chief executive officer of the Company.
3. None of such grantees of the Outstanding Options is a director, chief executive or substantial shareholder of the Company, or any of their respective associates or parties acting in concert with the Subscriber.

4. Full exercise of the Outstanding Options will result in a maximum of 378,042,600 new Shares being allotted and issued to its holders.

INFORMATION ON THE SUBSCRIBER AND MR. TSE

The Subscriber is an investment holding company that is beneficially wholly-owned by Mr. Tse. As at the date of this announcement, the Subscriber together with parties acting in concert with it holds 1,100,091,988 Shares, representing approximately 42.81% of all the issued shares of the Company.

Mr. Tse is the executive Director, chairman, and chief executive officer of the Company and possesses more than 20 years' experience in the fashion ornament and jewellery wholesale industry. He also has experience in property investment, mineral exploration and mineral trade and sales.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not undertaken any equity fund raising exercise during the past 12 months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of proceeds	Actual use of the net proceeds up to the date of this announcement
27 August 2015	Placing of new Shares under general mandate	Approximately HK\$9,561,000	Hiring technical staff and implementing Marketing Channel Expansion	All used as intended

REASONS FOR AND THE BENEFITS OF THE ACQUISITION AND THE SUBSCRIPTION

The Company is an investment holding company. The Group is principally engaged in the development, design and export of fashion accessories and gifts and sales of own brand fashion accessories. The Purchaser is an indirect wholly-owned subsidiary of the Company and is principally engaged in the trading of fashion accessories and investment holding.

With the growing popularity of online shopping, the Directors are of the view that the software and related applications developed by the Target Company will enable the Group to expand its internet retail business, which would increase the sales of the Group's products and in turn improve the profitability and the competitiveness of the Group and is essential for the sustainable development of the Group in the long run. Taking into account the benefits of the Acquisition, the Directors are of the view that the terms of the Acquisition Agreement are normal commercial terms and are fair and reasonable and in the interests of the Independent Shareholders as a whole.

Having considered that (i) the cash and cash equivalents of the Group as at 30 September 2015 was approximately HK\$68 million as stated in the Interim Report, (ii) the Group used its internal resources to satisfy an aggregate consideration of RMB20 million (equivalent to approximately HK\$23.8 million) for the acquisition by an indirect wholly-owned subsidiary of the Company of certain properties in Zhengzhou City in the PRC in March 2016, and (iii) the Group has utilised all of the net proceeds from the placing completed on 10 September 2015, the Directors are of the view that Company does not have sufficient cash to satisfy the consideration for the Acquisition.

The Board had considered the availability of the following funding alternatives (apart from the Subscription) for the cash consideration for the Acquisition and to increase the working capital of the Company:

- (i) debt financing: the Board does not consider this to be appropriate for the Group since it would increase the gearing level of the Group and the Group would have to incur interest expenses which would impose additional financial burden on the Group's future cash flows;
- (ii) equity financing through placement of new Shares to independent investors: the Company encountered difficulties in engaging a placing agent, which the Board believes to be attributable to the relative small market capitalization of the Company and the low trading volume of the Shares under the current market sentiment; and

- (iii) a rights issue or an open offer: the Company encountered difficulties in procuring an independent underwriter in Hong Kong in underwriting a rights issue or an open offer of the Company.

In light of the above, the Board is of the view that equity financing by way of the Subscription is the most appropriate means of raising additional capital to finance the cash consideration for the Acquisition and to increase the working capital as it is:

- (i) more practicable and direct under a volatile market and the uncertain global market conditions currently prevailing;
- (ii) less costly and no interest expenses will need to be paid;
- (iii) less time consuming; and
- (iv) in the interest of the Group and the Independent Shareholders as a whole, given it signifies the confidence of the Company's controlling shareholder in the existing and future development potentials of the Group.

Based on the above, the Directors (other than the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser in the letter from the Independent Board Committee in the circular to be dispatched to the Shareholders) consider that the Subscription represents a straightforward and cost-effective means of financing for the Group, and the terms of the Acquisition Agreement, the Subscription Agreement and the Whitewash Waiver are fair and reasonable and on normal commercial terms, and in the interests of the Independent Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the approval of the Independent Shareholders at the SGM. In addition, given the Acquisition and the Subscription are inter-conditional, the Company voluntarily complies with the reporting, announcement and Independent Shareholders' approval requirements in respect of the Acquisition under Chapter 14A of the Listing Rules.

Since the Subscriber is a controlling shareholder of the Company, the Subscriber is a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the approval of the Independent Shareholders by way of poll at the SGM.

Save for Mr. Tse and the Subscriber (being a beneficially wholly-owned subsidiary of his), no other Shareholder is interested in the Acquisition, the Subscription and the Whitewash Waiver. Given the Subscriber is beneficially wholly owned by Mr. Tse and the Acquisition and the Subscription are inter-conditional, Mr. Tse, the Subscriber, their respective associates and parties acting in concert with any of them shall abstain from voting in respect of the resolution(s) approving the Acquisition, the Subscription (including the grant of a specific mandate for the issuance of new Shares pursuant to the Subscription) and the Whitewash Waiver at the SGM.

TAKEOVERS CODE IMPLICATIONS

As at the date of the Subscription Agreement, the Subscriber held 1,085,267,988 Shares, representing approximately 42.23% of the voting rights of the Company. Mr. Tse, being person acting in concert with the Subscriber, held 14,824,000 Shares, representing approximately 0.58% of the voting rights of the Company.

Upon completion of the Subscription, 2,440,000,000 Subscription Shares will be issued to the Subscriber, and the interests of the Subscriber and persons acting in concert with it in the voting rights of the Company will be increased from approximately 42.81% to approximately 70.66% (assuming that no additional Shares other than the Subscription Shares will be issued since the date of the Subscription Agreement up to completion of the Subscription). Accordingly, the Subscriber and persons acting in concert with it, in the absence of the Whitewash Waiver, would be obliged to make a general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by them.

An application to the Executive for the Whitewash Waiver has been made by the Subscriber. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the SGM by way of poll.

Each of the Subscriber and Mr. Tse has undertaken to the Company that apart from the Subscription Agreement, the Subscriber and Mr. Tse will not and each of them will procure persons acting in concert with each of them respectively will not from the date of the Subscription Agreement until the date of completion of the Subscription acquire or dispose of or enter into any agreement or arrangement to acquire or dispose of any voting rights in the Company.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

Save for the Outstanding Options, as at the date of this announcement, the Company does not have any options, warrants or convertible securities in issue.

The Subscriber has confirmed that, as at the date of this announcement, neither the Subscriber nor any persons acting in concert with it:

- (i) apart from 2,440,000,000 new Shares under the Subscription Agreement, has acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company within the six months prior to the date of the Subscription Agreement and up to the date of this announcement;
- (ii) apart from 14,824,000 Shares and 1,085,267,988 Shares owned by Mr. Tse and the Subscriber respectively and 26,671,400 Outstanding Options owned by Mr. Tse, owns, controls or has direction over any voting rights or rights over the Shares or any warrants, options, or convertible securities or derivatives of the Company, nor has entered into any outstanding derivative in respect of securities in the Company;
- (iii) has made any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Subscriber and which might be material to the transactions contemplated under the Subscription Agreement and/or the Whitewash Waiver;
- (iv) has any agreements or arrangements to which the Subscriber or parties acting in concert with it is a party which relate to the circumstances in which the Subscriber or parties acting in concert with it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Subscription Agreement and/or the Whitewash Waiver;
- (v) has received any irrevocable commitment to vote for the resolution approving the transactions contemplated under the Subscription Agreement and/or the Whitewash Waiver; and
- (vi) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

GENERAL

A SGM will be convened to for the purpose of approving the Acquisition and the transactions contemplated thereunder, the Subscription and the transaction contemplated (including the grant of a specific mandate for the issue and allotment of the Subscription Shares pursuant to the Subscription), and the Whitewash Waiver, pursuant to the Listing Rules and Takeovers Code.

As at the date of this announcement, the Vendors and Mr. Zhuang do not hold any Shares.

Pursuant to Rule 13.39(6) of the Listing Rules and Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors has been established by the Company to advise and to give a recommendation to the Independent Shareholders as to whether the terms of the Acquisition Agreement and the transactions contemplated thereunder, the terms of the Subscription Agreement and the transactions contemplated thereunder and the terms of the Whitewash Wavier are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole and as to voting at the SGM.

None of the members of the Independent Board Committee have any direct or indirect interest or involvement in the transactions contemplated under the Acquisition Agreement, the Subscription Agreement and/or the Whitewash Waiver.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder, the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver. Such appointment has been approved by the Independent Board Committee.

A circular containing, among other things, (i) further details of the Acquisition Agreement, the Subscription Agreement, the Whitewash Waiver; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder, the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver are fair and reasonable, in the interests of the Company and the Independent Shareholders as a whole, and as to voting at the SGM; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition Agreement and the transactions contemplated thereunder, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver; (iv) a notice of the SGM; and (v) other information as required under the Listing Rules and the Takeovers Code, for the purpose of the SGM, will be dispatched to the Shareholders of the Company on or before 4 May 2016.

Shareholders and potential investors should be aware and take note that the Acquisition and the Subscription, which are subject to a number of conditions precedent, may or may not proceed to completion. In particular, the Whitewash Waiver may or may not be granted by the Executive or approved by the Independent Shareholders. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

Reference is made to the announcement issued by the Company dated 24 March 2016 in relation to a profit warning of an expected loss for the full year ending 31 March 2016 to exceed HK\$95 million (the “**Profit Warning**”). Pursuant to Rule 10 of the Takeovers Code, the Profit Warning constitutes a profit forecast under Rule 10 of the Takeovers Code. As such, the Company is required to comply with the requirements under Rule 10 of the Takeovers Code with respect to the Profit Warning which has to be reported on by the Company’s auditor/accountants and financial adviser. Taking into account (i) the practical difficulties in terms of the additional time required for the preparation of the reports by the Company’s auditor/accountants and financial advisers; and (ii) the requirements of timely disclosures of the inside information under Rule 13.09 of the Listing Rules and Part XIVA of the SFO, the Profit Warning does not meet the standard required by Rule 10 of the Takeovers Code. The Company will arrange for the Profit Warning to be reported on in accordance with Rule 10 of the Takeovers Code as soon as reasonably practicable and the relevant reports will be contained in the Circular to be issued by the Company to the Shareholders.

Shareholders and potential investors of the Company are advised to exercise caution in placing reliance on the Profit Warning in assessing the merits and demerits of the Acquisition, the Subscription, the Whitewash Waiver and other transactions disclosed in this announcement and/or when dealing in the securities of the Company.

DEFINITIONS

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendors pursuant to the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 13 April 2016 entered into among the Purchaser, the Vendors and the Guarantor in relation to the Acquisition
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Listing Rules

“Board”	board of Directors
“Business Day(s)”	a day (excluding a Saturday, Sunday, public holiday or any day during which typhoon no. 8 signal (or above) or a black rainstorm warning is hoisted at any time during 9:00a.m. and 5:00p.m. on that day) on which licensed banks in Hong Kong are generally open for business
“Circular”	circular to be despatched by the Company to the Shareholders which will contain, among other things, (i) further details of the Acquisition Agreement; the Subscription Agreement and the Whitewash Waiver; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder, the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver and as to voting in the SGM; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition Agreement and the transactions contemplated thereunder, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver; (iv) a notice of the SGM; and (v) other information as required under the Listing Rules and the Takeovers Code, for the purpose of the SGM
“Company”	Artini China Co. Ltd., a company incorporated in Bermuda with limited liability and whose Shares are listed on the Stock Exchange (stock code: 789)
“connected person”	has the meaning as ascribed to it under the Listing Rules
“controlling shareholders”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dragon Max”	Dragon Max Enterprises Limited, a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Zhuang

“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all of the independent non-executive Directors, namely Mr. Lau Fai Lawrence, Mr. Lau Yiu Kit and Mr. Zeng Zhaohui, which has been established by the Company to advise and make recommendations to the Independent Shareholders on the terms of the Acquisition Agreement and the transactions contemplated thereunder, the terms of the Subscription Agreement and the transactions contemplated thereunder, the Whitewash Waiver and as to voting at the SGM
“Independent Financial Adviser”	TC Capital Asia Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Independent Shareholders”	Shareholders other than (a) the Subscriber, Mr. Tse and parties acting in concert with any one of them; (b) the Subscriber’s associates; and (c) any other Shareholders who are involved in or interested in the Subscription Agreement and the transactions contemplated thereunder, the Acquisition Agreement and the transactions contemplated thereunder and/or the Whitewash Waiver

“Independent Third Party(ies)”	third party(ies) independent of and/or not connected with nor acting in concert with any of the Company, its subsidiaries, the respective directors, chief executives, substantial shareholders of the Company and any of its subsidiaries, and associates of any of them, and are not connected persons of the Company or any of its subsidiaries (as defined under Listing Rules)
“Interim Report”	interim report for the six months ended 30 September 2015 of the Company
“Last Trading Day”	12 April 2016, being the last trading day of the Shares on the Stock Exchange prior to the date of issue of this announcement
“Listing Committee”	has the meaning as ascribed to it under the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2016
“Marketing Channel Expansion”	expansion of the Group’s marketing channel on the e-commerce platform and to market the Group’s products via mobile phone applications targeting primarily smart phone users in the PRC
“Mr. Tse”	Mr. Tse Hoi Chau, the executive Director, chairman and chief executive officer of the Company
“Mr. Zhuang”	莊競華 (Mr. Zhang Jinghua*), the sole director and ultimate legal and beneficial owner of the Vendors, and is an Independent Third Party who does not hold any Shares as at the date of announcement
“Outstanding Options”	the outstanding, vested and unvested, options granted by the Company to subscribe for an aggregate of 378,042,600 Shares under the share option scheme of the Company currently in force and adopted by the Company on 23 April 2008

“PRC”	People’s Republic of China, which, solely for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Artini Sales Company Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the entire issued share capital of the Target Company legally and beneficially owned as to approximately 94% by Stand Charm and 6% by Dragon Max respectively, immediately prior to completion of the Acquisition
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Acquisition Agreement and the transactions contemplated thereunder, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stand Charm”	Stand Charm Limited, a company incorporated in the Republic of Seychelles and Mr. Zhuang is its sole director and ultimate legal and beneficial owner
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Walifax Investments Limited, a company incorporated in the British Virgin Islands, and is beneficially wholly-owned by Mr. Tse

“Subscription”	the subscription by the Subscriber for the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 13 April 2016 between the Subscriber and the Company relating to the subscription of 2,440,000,000 new Shares by the Subscriber
“Subscription Price”	the subscription price of HK\$0.074 per Subscription Share
“Subscription Share(s)”	new Share(s) to be subscribed by the Subscriber pursuant to the Subscription Agreement
“substantial shareholder”	has the meaning ascribed under in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	Primeview Technology Limited, a company incorporated in Hong Kong with limited liability and is owned 94% by Stand Charm and 6% by Dragon Max respectively
“Target Company’s December 2016 Accounts”	the management accounts of the Target Company for the full year ending 31 December 2016
“Target Company’s June 2016 Accounts”	the management accounts of the Target Company for the six months ending 30 June 2016
“Vendors”	collectively, Stand Charm and Dragon Max, and each a “Vendor”
“Whitewash Waiver”	waiver granted by the Executive under Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligation on the part of the Subscriber to make a general offer to the Shareholders for all issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber or persons acting in concert with it, which would, if the Subscription proceeds to completion, arise as a result of the allotment and issue of the Subscription Shares to the Subscriber

“%”

per cent.

* *For illustration purposes only*

For the purposes of this announcement, unless otherwise indicated, conversion of RMB and HK\$ is calculated at the exchange rate of RMB1 to HK\$1.19. The exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, or may be exchanged at this or any other rate at all.

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

Hong Kong, 13 April 2016

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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Subscriber) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than that expressed by the sole director of the Subscriber) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

As at the date of this announcement, the sole director of the Subscriber is Mr. Tse Hoi Chau.

The sole director of the Subscriber accepts full responsibility for the accuracy of the information relating to the Subscriber contained in this announcement and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed by him in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.