

To: Business Editor  
[For immediate release]

# ARTINI

雅天妮中國有限公司

ARTINI CHINA CO. LTD.

## Artini announces 2008/09 annual results

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**Implement stringent cost control    Explore new sales channel**

Financial Highlights (for the year ended 31 March)			
HK\$'000	2009	2008	Change (%)
Turnover	564,101	596,739	- 5.8%
Gross profit	237,608	376,426	- 36.9%
(Loss)/ Profit from operations	(137,641)	130,437	N.A
(Loss)/ Profit attributable to equity shareholders	(140,529)	110,024	N.A
Basic (loss)/ earnings per share (HK\$)	(0.145)	0.147	N.A

【 19 July 2009, Hong Kong 】 **Artini China Co. Ltd.**, a leading retail chain operator and manufacturer of fashion accessories in the PRC (“Artini” or the “Group”, Stock Code: 789), announced its annual results for the year ended 31 March 2009.

Fiscal year 2008/09 has been a year of challenges for the Group. With the strike of financial tsunami, the performance of the Group’s foreign trading business declined. Sales performance in the first-tier cities of the PRC was weakened. During the review period, Artini recorded a turnover of HK\$564 million, with a drop of 5.8% compared to the previous year. A loss of HKD\$141 million was recorded. The Board does not recommend the distribution of a final dividend for the year ended 31 March 2009.

In light of the rapid changes in business environment, the Group proactively adjusted the business strategies to minimize loss by cutting the target number of new stores from 256 to 186 for this fiscal year and reducing the headcounts and material costs. As a result, the pressure on both the Group’s PRC retail and CDM businesses was slightly alleviated during the year under review. Mr, Eric Tse, Chairman and Executive Director of the Group said: “To cope with the challenging market environment, we were committed to overcoming challenges by reviewing our business development strategies and direction and implementing a series of enhancement measures last year. In order to improve the Group’s long-term competitiveness, we proactively reviewed and streamlined our operation structure, strengthened cost control and internal management, developed new product lines and sales channels during the year under review.”

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### **Enhance Cost Control**

During the year under review, the Group refocused its priorities to stringent cost control. The Group initiated renegotiations with landlords to revise the rental terms and minimum rental requirement and reduce the rental costs in order to ease the burden of rental expenses and to obtain bundled terms with other value-added services such as on-site promotions. Furthermore, the Group closed down the stores with low cost-effectiveness and high rental during the year under review to maintain rental outlays at a reasonable level. Furthermore, the Group streamlined internal headcounts and proactively negotiated with raw material suppliers to achieve effective cost control.

### **Explore New Sales Channel**

During the year under review, the Group actively explored new distribution channel, which included nurturing cooperative relationships with a number of banking institutions and corporations to establish online business platforms and establishing an online shopping platform to identify and extend the Group's reach to consumers with high purchasing power through these cost effective channels. On the other hand, the Group introduced a new business model by expanding its retail network through distributorships, maintaining a steady pace of network growth in the most cost effective manner with fast marketing penetration. The first flagship stores of Artini and Q'ggle were opened in Beijing Sanlitun in January 2009, which further enhanced the Group's brand value and also consolidated Artini's leading position in the PRC accessories market.

### **Broaden Brand Portfolio**

Besides, the Group made considerable effort to expand its product portfolio, developed the gifts and premiums business by leveraging on the Group's fashion accessories business, boost the overall brand profile in the review period. The Group obtained the manufacturing and sales rights for the 2010 Guangzhou Asian Games in November 2008. The first batch of Asian Games licensed products were launched in August 2009, selling in 500 to 800 franchised stores licensed by the Guangzhou Asian Games Organising Committee. The Group also obtained the distribution rights for a series of NBA timepieces during the year under review. These items are distributed at Q'ggle outlets as an added attraction for customers.

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### **Future Development**

Commenting on Artini's future development, Mr. Tse said: "China, as one of the world's fastest growing economies, offers lucrative potential for fashion accessories brand operators as the market is virtually untapped. As a trailblazer in the market, the Group is in a perfect position to capitalise on market opportunities in the coming years. We will dedicate ourselves to consolidating our position as the leading multi-brand retail operator of fashion accessories in China and adopting the development strategy of multi-brand and multi-channel to continue to expand business activities across the country, further cooperate with international brands of different market positioning, and utilise our established platform and resources to expand our share in the fashion accessories markets. We are committed to bringing positive returns to our shareholders."

### **About Artini**

Artini China Co. Ltd. ("Artini" or the "Group") is a leading retail chain operator and manufacturer of fashion accessories and gift and premium items, and was successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited on 16 May, 2008. Starting business as an exporter and trading company of fashion accessories 16 years ago and then subsequently evolved as a concurrent design manufacturer ("CDM"), the Group has worked hand-in-hand with internationally acclaimed brands from design to delivery, and boasted extensive experience in the fashion accessories industry. Its first proprietary brand targeting the high-end consumer segment, "Artini", was launched in Hong Kong in 2003 and entered into the PRC market in 2006. The Group unveiled its second brand, "Q'ggle", in 2006, offering a full array of products to the younger generation in China that looks for style and individuality.

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