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ART GROUP HOLDINGS LIMITED

錦藝集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 565)

**PROPOSED DECLARATION AND PAYMENT
OF SPECIAL DIVIDEND
AND
CLOSURE OF REGISTER OF MEMBERS**

The Board is pleased to announce that it has recommended the declaration and payment of a Special Dividend of HK\$0.08 per Share out of the Share Premium Account.

The payment of the Special Dividend out of the Share Premium Account is conditional upon the satisfaction of the conditions set out in the paragraph headed “Conditions of the payment of the Special Dividend out of the Share Premium Account” of this announcement. The conditions cannot be waived. If the conditions are not satisfied, the Special Dividend will not be paid.

EGM

The EGM is scheduled to be held on Friday, 13 May 2022 to consider and, if thought fit, to approve the declaration and payment of the Special Dividend out of the Share Premium Account. No Shareholder is required to abstain from voting in respect of the ordinary resolution to be proposed at the EGM to approve the declaration and payment of the Special Dividend out of the Share Premium Account.

A circular containing further information about the Special Dividend and the notice of the EGM will be despatched to the Shareholders as soon as practicable.

PROPOSED DECLARATION AND PAYMENT OF THE SPECIAL DIVIDEND OUT OF THE SHARE PREMIUM ACCOUNT

Reference is made to the announcement of Art Group Holdings Limited dated 6 April 2022 in relation to the notice of a meeting of the Board for the purposes of considering the recommendation for declaration and payment of the Special Dividend.

The Board is pleased to announce that at the Board meeting held on 20 April 2022, the Board resolved to recommend the declaration and payment of a Special Dividend of HK\$0.08 per Share. Based on 2,688,805,163 ordinary Shares in issue as at the date of this announcement, the Special Dividend would amount to approximately HK\$215,104,000. Subject to the fulfilment of the conditions set out in the paragraph headed “Conditions of the payment of the Special Dividend out of the Share Premium Account” below, the Special Dividend is intended to be paid out of the Share Premium Account pursuant to Article 137 of the Articles.

The Special Dividend will be payable in three tranches, and there will be one record date to determine entitlements to the Special Dividend. The Special Dividend to be paid in the first tranche, the second tranche and the third tranche is HK\$0.04 per Share, HK\$0.02 per Share and HK\$0.02 per Share, respectively.

Subject to the passing of an ordinary resolution by the Shareholders at the EGM, the first tranche Special Dividend will be paid on Wednesday, 1 June 2022, the second tranche Special Dividend will be paid on Wednesday, 15 June 2022 and the third tranche Special Dividend will be paid on Wednesday, 29 June 2022 to the Shareholders whose names appear on the register of members of the Company on Friday, 20 May 2022.

CONDITIONS OF THE PAYMENT OF THE SPECIAL DIVIDEND OUT OF THE SHARE PREMIUM ACCOUNT

The payment of the Special Dividend out of the Share Premium Account is conditional upon the satisfaction of the following conditions:

- (a) the passing of an ordinary resolution by the Shareholders declaring and approving the payment the Special Dividend out of the Share Premium Account pursuant to Article 137 of the Articles at the EGM; and
- (b) the Directors being satisfied that there are no reasonable grounds for believing that the Company is, immediately following the date on which the Special Dividend is paid, unable to pay its debts as they fall due in the ordinary course of business.

The conditions cannot be waived. If the conditions are not satisfied, the Special Dividend will not be paid.

REASONS FOR AND EFFECT OF THE PAYMENT OF THE SPECIAL DIVIDEND

The payment of the Special Dividend out of the Share Premium Account does not involve any reduction in the authorised or issued share capital of the Company nor does it involve any reduction in the nominal value of the Shares or result in any change in the trading arrangements in respect of the Shares.

To reward the Shareholders, the Board considers it appropriate to distribute the Special Dividend in recognition of Shareholders' support. After taking into consideration of the existing cash flows of the Group, the Board considers that the Company has sufficient cash flows to pay the Special Dividend. Save for the immaterial expenses incurred as a result of the payment of the Special Dividend, the Board believes that the payment of the Special Dividend out of the Share Premium Account will not have any material adverse effect on the financial position of the Group as a whole. The Directors consider that the declaration and proposed payment of the Special Dividend is in the interests of the Company and the Shareholders as a whole.

EGM

The EGM is scheduled to be held on Friday, 13 May 2022 to consider and, if thought fit, to approve the declaration and payment of the Special Dividend out of the Share Premium Account. No Shareholder is required to abstain from voting in respect of the ordinary resolution to be proposed at the EGM to approve the declaration and payment of the Special Dividend out of the Share Premium Account.

A circular containing further information about the Special Dividend and the notice of the EGM will be despatched to the Shareholders as soon as practicable.

CLOSURES OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 10 May 2022 to Friday, 13 May 2022 (both dates inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all transfer of Shares accompanied by the relevant Share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 6 May 2022.

If the proposed declaration and payment of the Special Dividend is approved by the Shareholders at the EGM, for determining the Shareholders' entitlements to receive the Special Dividend, the register of members of the Company will be closed from Thursday, 19 May 2022 to Friday, 20 May 2022 (both dates inclusive) and no transfer of Shares will be registered during that period. In order to be eligible to receive the Special Dividend, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 18 May 2022.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings as set out below:

“Articles”	the articles of association of the Company, as amended, supplemented and modified from time to time
“Board”	the board of Directors
“Company”	Art Group Holdings Limited (錦藝集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability with its securities listed on The Stock Exchange of Hong Kong Limited
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held on Friday, 13 May 2022 for the purpose of and approving the declaration and payment of the Special Dividend out of the Share Premium Account
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Share Premium Account”	the share premium account of the Company, the amount standing to the credit of which was approximately HK\$263,850,000 as at 31 December 2021 based on the unaudited condensed consolidated financial statements of the Group as at that date
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the registered holder(s) of the Shares

“Special Dividend” the proposed special dividend of HK\$0.08 per Share as recommended by the Board

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board
Art Group Holdings Limited
Chen Jinyan
Chairman

Hong Kong, 20 April 2022

As at the date of this announcement, the executive directors of the Company are Mr. Chen Jinyan and Mr. Chen Jindong; and the independent non-executive directors of the Company are Mr. Kwan Chi Fai, Mr. Lin Ye, Ms. Chong Sze Pui Joanne and Ms. Wang Yuqin.