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If you have sold or transferred all your securities in Art Group Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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 THE SPECIAL DIVIDEND AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A letter from the Board is set out on pages 3 to 8 of this circular.

A notice convening the EGM to be held by way of electronic means (via ZOOM MEETING ONLY) on Friday, 13 May 2022 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Voting at the EGM is by PROXY ONLY. Shareholders who wish to vote on any or all of the resolutions at the EGM must complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or via the designated URL (<https://spot-meeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company, as soon as possible and in any event no less than 48 hours before the time appointed for holding the EGM (i.e. Wednesday, 11 May 2022 at 11:00 a.m. (Hong Kong time)) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending the EGM or any adjournment thereof.

26 April 2022

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context specifies otherwise:

“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 (錦藝集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability with its securities listed on the Stock Exchange
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held on Friday, 13 May 2022 at 11:00 a.m. 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
“Latest Practicable Date”	20 April 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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

DEFINITIONS

“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Chen Jinyan (*Chairman*)

Mr. Chen Jindong

Independent non-executive Directors:

Mr. Kwan Chi Fai

Mr. Lin Ye

Ms. Chong Sze Pui Joanne

Ms. Wang Yuqin

Registered office:

2nd Floor, Century Yard

Cricket Square

P.O. Box 902

Grand Cayman KY1-1103

Cayman Islands

*Head office and principal place
of business in Hong Kong:*

Unit 1407, 14th Floor

China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

26 April 2022

To the Shareholders

Dear Sir or Madam,

**PROPOSED DECLARATION AND PAYMENT
OF THE SPECIAL DIVIDEND
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information in respect of an ordinary resolution to be proposed at the EGM for the approval of the declaration and payment of the Special Dividend to enable you to make a decision on whether to vote for or against such resolution and to give you notice of the EGM.

LETTER FROM THE BOARD

2. DECLARATION AND PAYMENT OF THE SPECIAL DIVIDEND OUT OF THE SHARE PREMIUM ACCOUNT

As disclosed in the announcement of the Company dated 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 Latest Practicable Date, the Special Dividend would amount to approximately HK\$215,104,000. Subject to the fulfilment of the conditions set out in the paragraph headed “3. 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.

3. 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.

LETTER FROM THE BOARD

4. 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.

5. THE EGM AND PROXY ARRANGEMENT

At the EGM, an ordinary resolution will be proposed to consider, and, if thought fit, to approve the declaration and payment of the Special Dividend out of the Share Premium Account.

The notice convening the EGM to be held by way of electronic means (via ZOOM MEETING ONLY) on Friday, 13 May 2022 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. There will be no physical location to facilitate the EGM.

A form of proxy for use at the EGM is also enclosed. Voting at the EGM is by PROXY ONLY. Shareholders who wish to vote on any or all of the resolutions at the EGM must complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Tricor Investor Services Limited, the branch share registrar of the Company in Hong Kong, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or via the designated URL (<https://spot-meeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company, as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM (i.e. Wednesday, 11 May 2022 at 11:00 a.m., Hong Kong time) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending the EGM or any adjournment thereof if you so wish.

LETTER FROM THE BOARD

Shareholders will need to complete the following steps to be able to access the proceedings of the EGM:

Accessing proceedings of EGM by ZOOM

Shareholders who would like to view, speak at and listen to the EGM through a live webcast will need to register by sending an email to the Registrar, Tricor Investor Services Limited at is-enquiries@hk.tricorglobal.com or via telephone hotline at (852) 2980 1333 during business hours (9:00 a.m. to 5:00 p.m., Monday to Friday, excluding Hong Kong public holidays) no later than Wednesday, 11 May 2022 at 11:00 a.m. (being not less than forty-eight (48) hours before the time appointed for holding the EGM) to enable the Company to verify the Shareholders' status. Authenticated Shareholders will receive an email confirmation by 12 May 2022, which contains a link to join the EGM via ZOOM MEETING. Shareholders **MUST NOT** forward the link to other persons who are not the Shareholders and who are not entitled to attend the EGM.

THE COMPANY WILL NOT ACCEPT ANY PHYSICAL ATTENDANCE BY SHAREHOLDERS.

Questions from Shareholders

Shareholders may submit any questions they may have in advance in relation to any resolutions set out in the notice of EGM by 11:00 a.m. on Wednesday, 11 May 2022 (being not less than forty-eight (48) hours before the time appointed for holding the EGM) via email to the Registrar, Tricor Investor Services Limited at is-enquiries@hk.tricorglobal.com or via telephone hotline at (852) 2980 1333 during business hours (9:00 a.m. to 5:00 p.m., Monday to Friday, excluding Hong Kong public holidays). The Board will address the questions during the EGM proceedings.

Proxy voting

Voting at the EGM is by **PROXY ONLY**. Shareholders who wish to vote on any or all of the resolutions at the EGM must appoint the Chairman of the EGM as their proxy by completing the Proxy Form for the EGM. Shareholders should specifically indicate how they wish to vote for or vote against the resolutions set out in the notice of EGM. If you have any questions relating to the EGM, please email to the Registrar, Tricor Investor Services Limited at is-enquiries@hk.tricorglobal.com or call the share registrar's telephone hotline at (852) 2980 1333 during business hours (9:00 a.m. to 5:00 p.m., Monday to Friday, excluding Hong Kong public holidays).

LETTER FROM THE BOARD

Pursuant to Rule 13.39(4) of the Listing Rules and the Articles, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of such meeting, in good faith, decides to allow a resolution relating purely to a procedural or administrative matter to be voted on by a show of hands pursuant to the Listing Rules. Therefore, the resolution put to the vote at the EGM will be taken by way of poll.

After the conclusion of the EGM, the poll results will be published on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://artgroup.etnet.com.hk> in the manner prescribed under Rule 13.39(5) of the Listing Rules.

6. CLOSURE OF REGISTER OF MEMBERS

For attending and voting at the EGM

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.

For entitlement to the Special Dividend

If the proposed declaration and payment of the Special Dividend is approved by the Shareholders at the EGM, for determining the Shareholders' entitlement 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 on that day. 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.

LETTER FROM THE BOARD

7. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular or this circular misleading.

8. RECOMMENDATION

The Board believes the declaration and payment of the Special Dividend out of the Share Premium Account is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

Yours faithfully,
For and on behalf of the Board
Art Group Holdings Limited
Chen Jinyan
Chairman

NOTICE OF THE EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**EGM**”) of Art Group Holdings Limited (the “**Company**”) will be held by way of electronic means (via ZOOM MEETING ONLY) on Friday, 13 May 2022 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

“**THAT** the declaration and payment of a special dividend recommended by the board of directors of the Company (the “**Board**”) of HK\$0.08 per share of the Company out of the Company’s share premium account (the “**Special Dividend**”) to shareholders of the Company whose names appear on the register of members of the Company on the record date as fixed by the Board be and is hereby approved; and the Board be authorised to effect the payment of the Special Dividend and to do all acts and things, to execute such documents and to take such steps as the Board in its absolute discretion may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the payment of the Special Dividend.”

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

Hong Kong, 26 April 2022

NOTICE OF THE EGM

Registered office

2nd Floor, Century Yard
Cricket Square
P.O. Box 902
Grand Cayman KY1-1103
Cayman Islands

*Head office and principal place
of business in Hong Kong:*

Unit 1407, 14th Floor
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Notes:

1. In view of the current COVID-19 situation in Hong Kong, the EGM will be held by electronic means (via ZOOM MEETING ONLY). If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the offices of the Company's share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or via the designated URL (<https://spot-meeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company not less than 48 hours before the time for holding the EGM (i.e. Wednesday, 11 May 2022 at 11:00 a.m.) or any adjournment thereof.
3. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending the EGM or any adjournment thereof, should he so wish.
4. The register of members of the Company will be closed from Tuesday, 10 May 2022 to Friday, 13 May 2022 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all transfers accompanied by the relevant share certificate(s), must be lodged with the Company's branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 6 May 2022.
5. A form of proxy for use at the EGM is enclosed.
6. If typhoon signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the EGM but before it has commenced, the EGM will be postponed. The Company will publish an announcement on the HKExnews website of the Stock Exchange at <http://www.hkexnews.hk> and on the website of the Company at <http://artgroup.etnet.com.hk> to notify Shareholders of the date, time and place of the rescheduled meeting.

NOTICE OF THE EGM

7. Shareholders who would like to view, speak at and listen to the EGM through a live webcast will need to register by sending an email to the share registrar of the Company in Hong Kong, Tricor Investor Services Limited (the “**Registrar**”) at is-enquiries@hk.tricorglobal.com or via telephone hotline at (852) 2980 1333 during business hours (9:00 a.m. to 5:00 p.m., Monday to Friday, excluding Hong Kong Public holidays) no later than Wednesday, 11 May 2022 at 11:00 a.m. (being not less than forty-eight (48) hours before the time appointed for holding the EGM) to enable the Company to verify the Shareholders’ status. Authenticated Shareholders will receive an email confirmation by 12 May 2022, which contains a link to join the EGM via ZOOM MEETING. Shareholders **MUST NOT** forward the link to other persons who are not the Shareholders and who are not entitled to attend the EGM.

8. Shareholders may submit any questions they may have in advance in relation to the resolution set out in the notice of EGM by 11:00 a.m. on Wednesday, 11 May 2022 (being not less than forty-eight (48) hours before the time appointed for holding the EGM) via email to the Company’s branch share registrar, Tricor Investor Services Limited at is-enquiries@hk.tricorglobal.com or via telephone hotline at (852) 2980 1333 during business hours (9:00 a.m. to 5:00 p.m., Monday to Friday, excluding Hong Kong public holidays). The Board will address the questions during the EGM proceedings.

As at the date of this notice, the Board comprises the following directors:

Executive directors:

Mr. Chen Jinyan (*Chairman*)

Mr. Chen Jindong

Independent non-executive directors:

Mr. Kwan Chi Fai

Mr. Lin Ye

Ms. Chong Sze Pui Joanne

Ms. Wang Yuqin