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Artini Holdings Limited
雅天妮集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 789)

**(1) ANNOUNCEMENT PURSUANT TO RULE 3.7 OF
THE TAKEOVERS CODE AND RULE 13.09 OF THE LISTING RULES
AND INSIDE INFORMATION PROVISIONS UNDER
PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE;
AND
(2) RESUMPTION OF TRADING**

This announcement is made by Artini Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 3.7 of the Hong Kong Codes on Takeovers and Mergers (the “**Takeovers Code**”), Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

INVESTMENT INTENTION AGREEMENT IN RESPECT OF POSSIBLE TRANSACTION

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company announces that the Board has been informed by Mr. Tse Hoi Chau (“**Mr. Tse**”) that, on 27 April 2023, Mr. Tse and Walifax Investments Limited (which is wholly-owned by Mr. Tse) (together known as, the “**Potential Vendors**”), as vendors, and Rapid Investment Development (Shenzhen) Limited* (迅發投資發展(深圳)有限公司) (the “**Potential Purchaser**”), which is ultimately owned as to 70% by Mr. Chen Long (陳龍), 29% by Ms. Lin Chenjie (林晨潔) (wife of Mr. Chen Long) and 1% by Mr. Chen Naien (陳乃恩) (brother of Mr. Chen Long), as purchaser, entered into an investment intention agreement which does not constitute a formal agreement (the “**Agreement**”) in respect of a possible sale of the Potential Vendors’ interest in the Company by the Potential Vendors to the Potential Purchaser or its nominated wholly owned corporation (the “**Possible Transaction**”). The Agreement contemplates a possible sale of all the shares of the Company (the “**Shares**”) held by the Potential Vendors comprising an aggregate of 708,018,397 Shares (the “**Sale Shares**”), and representing approximately

64.13% of the issued share capital of the Company as at the date of this announcement. The ultimate beneficial owners of the Potential Purchaser are entrepreneurs engaging in the development, manufacture, sales and distribution of consumer goods and do not hold directorship in any listed companies. The Potential Purchaser and its ultimate beneficial owners are independent third parties, which are not connected persons (as defined in the Listing Rules) of the Company and are independent of the Company and its connected persons (as defined in the Listing Rules).

Due Diligence

Subject to the Potential Purchaser signing a non-disclosure agreement, which is expected to be entered into in early May 2023 as at the date of this announcement, the Potential Purchaser is entitled to conduct due diligence review on the Company and its subsidiaries in respect of, among others, the financial data, shareholdings, business operations, compliance and correspondence with the regulators. The Potential Vendors shall use their best endeavours to cooperate with the Potential Purchaser in connection with the due diligence review and to provide relevant information to the Potential Purchaser.

The Potential Purchaser shall enter in the formal sale and purchase agreement in respect of the Sale Shares with the Potential Vendors (the “**Formal Agreement**”) when the Potential Purchaser is satisfied with the result of the due diligence review, which is to be completed on or before 31 August 2023 (the “**Expiry Date**”). The Potential Purchaser may not be deemed to be satisfied with the due diligence review if the Potential Purchaser has raised an event that in its view has a material adverse effect on the Company or its subsidiaries or the Sale Shares (a “**Material Adverse Effect Event**”) during its due diligence review. The Potential Purchaser does not have the sole discretion to determine whether an event is a Material Adverse Effect Event. It is expected the parties will engage in good faith negotiations in relation to the materiality of finding(s) during the due diligence review. In the event that the parties are unable to reach a resolution through negotiation, they may resort to other dispute resolution mechanisms, such as mediation or arbitration. If these mechanisms are unsuccessful, the parties may ultimately submit the matter to a court for determination. Since the due diligence review has not commenced yet, it is uncertain as to whether a Material Adverse Effect Event would be raised by the Potential Purchaser or not. The due diligence review will be deemed satisfied if there is no Material Adverse Effect Event on or before the Expiry Date.

Exclusivity

Pursuant to the terms of the Agreement, the Potential Purchaser has been granted an exclusivity period from the date of the Agreement to 31 August 2023 (the “**Exclusivity Period**”). During the Exclusivity Period, the Potential Vendors will not approach, discuss or negotiate with any third parties about investment or acquisition in respect of the Shares. In case the Potential Vendors are being so approached, the Potential Vendors shall notify the Potential Purchaser immediately.

Intention Money

The Potential Purchaser will pay HK\$10 million to the Potential Vendors’ (or its designated related entity’s) designated bank account within five business days from the date of the Agreement as intention money (the “**Intention Money**”).

In the event that the Formal Agreement is entered into by the Potential Vendors and the Potential Purchaser on or before the Expiry Date, the Intention Money shall be applied towards the satisfaction of part of the consideration payable to the Potential Vendors for the sale and purchase of the Sale Shares as specified in the Formal Agreement.

It is further agreed in the Agreement that:

- (1) in the event that the Formal Agreement is not entered into by the Potential Vendors and the Potential Purchaser on or before the Expiry Date because one or more Material Adverse Effect Events is/are discovered by the Potential Purchaser during the due diligence review, the Potential Vendors shall return the Intention Money to the Potential Purchaser within seven business days from the Expiry Date;
- (2) in the event that no Material Adverse Effect Event is discovered during the due diligence review but the Potential Purchaser refuses to enter into the Formal Agreement on or before the Expiry Date, the Potential Vendors are entitled to forfeit the Intention Money on the Expiry Date without liability toward the Potential Purchaser;

- (3) in the event that the Potential Purchaser is satisfied or deemed to be satisfied with the due diligence review but the Potential Vendors refuse to enter into the Formal Agreement on or before the Expiry Date, the Potential Vendors shall return the Intention Money to the Potential Purchaser together with a sum equivalent to the Intention Money as compensation within seven business days from the Expiry Date; and
- (4) in the event that the Formal Agreement is not entered into by the Potential Vendors and the Potential Purchaser on or before the Expiry Date not due to the unilateral reason of the Potential Vendors or the Potential Purchaser, the Potential Purchaser shall be entitled to the return of part of the Intention Money in the sum of HK\$5 million within seven business days from the Expiry Date and the Potential Vendors shall be entitled to keep the remaining sum of the Intention Money, that is HK\$5 million, to reimburse the cost and expenses incurred by the Potential Vendors.

Right to appoint or nominate Director(s)

Pursuant to the Agreement, the Potential Purchaser shall be entitled to appoint or nominate Director(s) to the Board after completion of the sale and purchase of the Sale Shares, subject to the requirements and provisions of the Takeovers Code and the Listing Rules.

Binding effect

The Agreement, including terms relating to the parties' obligation to complete the Possible Transaction and the intended investment amount by the Potential Purchaser is not legally binding, such that the Potential Purchaser and the Potential Vendors may not proceed with the Possible Transaction, subject to the arrangement regarding the Intention Money and other legally binding provisions as provided by the binding effect clause under the Agreement, namely, terms relating to due diligence review, the Potential Purchaser's right to appoint or nominate Director(s), possible general offer, the Exclusivity Period, confidentiality, parties bearing their own costs and taxation, termination, counterpart, and governing law and jurisdiction.

POSSIBLE GENERAL OFFER

The Potential Vendors are the controlling shareholders of the Company. If the Possible Transaction materialises, it will lead to a change in control of the Company and a mandatory general offer under Rule 26.1 of the Takeovers Code. As at the date of this announcement, no formal agreements have been entered into in respect of the Possible Transaction, and the discussion is still in progress and the Possible Transaction may or may not proceed.

RELEVANT SECURITIES OF THE COMPANY

As at the date of this Announcement, the relevant securities of the Company (as defined in the Takeovers Code) in issue comprised (i) 1,103,968,128 Shares as at the date of this announcement and (ii) outstanding options to subscribe for up to 110,200,000 Shares granted under the Company's share option scheme adopted on 26 August 2019. Save as disclosed above, the Company does not have other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue as at the date of this announcement.

MONTHLY UPDATE

In compliance with Rule 3.7 of the Takeovers Code, monthly update announcement(s) will be made until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code (as the case may be).

DEALING DISCLOSURE

For the purposes of the Takeovers Code, the offer period commences on the date of this announcement. In accordance with Rule 3.8 of the Takeovers Code, respective associates (as defined in the Takeovers Code) of the Company and the Potential Vendors (including, among others, shareholders having interests of 5% or more in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and the Potential Vendors respectively) are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

For the avoidance of doubt, the meaning of “**Executive**” as set out above has the meaning ascribed to it under the Takeovers Code, being the executive director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of such executive director.

TRADING HALT AND RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on Thursday, 27 April 2023 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on Tuesday, 2 May 2023.

WARNING: THERE IS NO ASSURANCE THAT THE POSSIBLE TRANSACTION WILL MATERIALISE OR EVENTUALLY BE CONSUMMATED AND THE RELEVANT DISCUSSIONS MAY OR MAY NOT LEAD TO A GENERAL OFFER UNDER RULE 26.1 OF THE TAKEOVERS CODE. SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY. PERSONS WHO ARE IN DOUBT AS TO THE ACTION THEY SHOULD TAKE SHOULD CONSULT THEIR STOCK BROKERS, BANK MANAGERS, SOLICITORS OR OTHER PROFESSIONAL ADVISERS.

By order of the Board
Artini Holdings Limited
Tse Hoi Chau
Chairman

Hong Kong, 28 April 2023

As at the date of this announcement, the executive directors of the Company are Mr. Tse Hoi Chau (Chairman), Ms. Yu Zhonglian and Mr. Tse Kin Lung; and the independent non-executive directors of the Company are Mr. Lau Fai Lawrence, Mr. Lau Yiu Kit and Mr. Ma Sai Yam.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed 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 statement in this announcement misleading.

* *For identification purpose only*