

Artini Holdings Limited 雅天妮集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 789)

Executive Directors:

Mr. Tse Hoi Chau (*Chairman*)
Ms. Yu Zhonglian
Mr. Tse Kin Lung (*Chief Executive*)

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

Mr. Lau Fai Lawrence
Mr. Lau Yiu Kit
Mr. Ma Sai Yam

Principal place of business in Hong Kong:

Office 3, 17/F
Shun Feng International Centre
No. 182 Queen's Road East
Wan Chai
Hong Kong

30 October 2023

To the Independent Shareholders,

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER
BY BLACKWELL GLOBAL SECURITIES LIMITED
ON BEHALF OF RAPID DEVELOPMENT LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
ARTINI HOLDINGS LIMITED (OTHER THAN THOSE
ALREADY OWNED OR AGREED
TO BE ACQUIRED BY RAPID DEVELOPMENT LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement whereby the Company and the Offeror jointly announced that on 16 September 2023 the Vendors and the Offeror entered into the Agreement (as supplemented by the Supplemental Agreement), pursuant to which the Vendors conditionally agreed to sell and transfer, and the Offeror conditionally agreed to purchase, the Sale Shares free from all Encumbrances for a cash Consideration of HK\$128,292,933.5364, equivalent to HK\$0.1812 per Sale Share. The Sale Shares represented approximately 64.13% of the total issued share capital of the Company as at the Latest Practicable Date. All of the conditions precedent under the Agreement have been satisfied and the Completion Date was 26 September 2023.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) information relating to the Group and the Offeror; (ii) further details of the Offer; (iii) a letter from Blackwell; (iv) a letter from the Board; (v) a letter of recommendation from the Independent Board Committee; and (vi) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer and as to the acceptance of the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Under Rule 2.1 of the Takeovers Code, a board which receives an offer, or is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance or voting. The Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Lau Fai Lawrence, Mr. Lau Yiu Kit and Mr. Ma Sai Yam, has been established by the Company to make recommendations to the Independent Shareholders in this regard.

As disclosed in the Joint Announcement, Amasse Capital has been appointed by the Company with the approval of the Independent Board Committee, to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code.

A letter from Blackwell is set out on pages 7 to 16 of this Composite Document. A letter from the Board is set out on pages 17 to 22 of this Composite Document. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 23 to 24 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 25 to 47 of this Composite Document.

MANDATORY UNCONDITIONAL CASH OFFER

Immediately prior to Completion, none of the Offeror and parties acting in concert with it owned, controlled or had direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 708,018,397 Shares, representing approximately 64.13% of the total issued share capital of the Company. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make an Offer for all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

As at the Latest Practicable Date, the Company had 1,103,968,128 Shares in issue and the Company has no other outstanding Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other relevant securities in the Company (as defined in Note 4 to Rule 22 of the Takeovers Code).

Blackwell is making the Offer, which will be unconditional, for and on behalf of the Offeror, in compliance with the Takeovers Code on the following terms:

Offer Price for each Offer Share. HK\$0.1812 in cash

The Offer Price of HK\$0.1812 per Offer Share is equal to the purchase price per Sale Share paid by the Offeror under the Agreement (as supplemented by the Supplemental Agreement).

The Offer is unconditional in all respects and will be extended to all the Independent Shareholders in accordance with the Takeovers Code.

Further details of the Offer including, among others, the terms and conditions and the procedures for acceptance and settlement are set out in the "Letter from Blackwell", Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE GROUP

The Company is an investment holding company incorporated in Bermuda with limited liability. The Group is principally engaged in fashion accessories business.

Shareholding structure of the Company

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$300,000,000 divided into 6,000,000,000 ordinary shares, and there are 1,103,968,128 Shares in issue. All of the share options granted to the Directors, employees and consultants as mentioned in the annual report of the Company dated 27 June 2023 were lapsed on 14 July 2023. As such, as at the Latest Practicable Date, the Company had no other outstanding Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other relevant securities in the Company (as defined in Note 4 to Rule 22 of the Takeovers Code).

Set out below is the shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately after Completion but before the Offer:

Name of Shareholders	Immediately prior to Completion		Immediately after Completion but before the Offer	
	Number of Shares	Approximately %	Number of Shares	Approximately %
<i>Director</i>				
Mr. Tse (Note 1)	2,964,800	0.27	–	–
<i>Substantial Shareholders</i>				
Walifax (Note 2)	705,053,597	63.86	–	–
The Offeror (Note 3) and parties acting in concert with it	–	–	708,018,397	64.13
<i>Public Shareholders</i>				
Public Shareholders	395,949,731	35.87	395,949,731	35.87
Total	1,103,968,128	100.00	1,103,968,128	100.00

Note 1: Ms. Yu Zhonglian, an executive Director, is the spouse of Mr. Tse, and as such, Ms. Yu Zhonglian is deemed to be interested in all the Shares held by Mr. Tse by virtue of the SFO.

Note 2: As at the Latest Practicable Date, Walifax was wholly and beneficially owned by Mr. Tse.

Note 3: The Offeror is wholly owned by Rapid Investment Development, which is in turn wholly owned by Fuxing Investment Development, a company owned as to 70% by Mr. Chen, 29% by Ms. Lin Chenjie (林晨潔) (wife of Mr. Chen) and 1% by Mr. Chen Naien (陳乃恩) (brother of Mr. Chen).

As at the Latest Practicable Date, Jun Hui International did not have any interests in the Shares.

Save as disclosed in the table above, as at the Latest Practicable Date, the Directors did not have any interests in the Shares.

Your attention is drawn to Appendices II and IV to this Composite Document which contain further financial and general information on the Group.

INFORMATION ON THE OFFEROR AND INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the paragraph headed “Intentions of the Offeror regarding the Group” in the “Letter from Blackwell” of this Composite Document for detailed information on the Offeror’s intention on the business and management of the Group. The Directors are aware of the intentions of the Offeror in respect of the Group and its employees, that the Offeror intends to continue the principal business of the Group and has no intention to dispose of the businesses of the Group immediately after completion of the Offer.

Proposed change of Board composition of the Company

Your attention is drawn to the paragraph headed “Appointment of Director” in the “Letter from Blackwell” of this Composite Document.

As at the Latest Practicable Date, the Board was made up of six Directors, comprising three executive Directors, namely Mr. Tse, Ms. Yu Zhonglian and Mr. Tse Kin Lung; and three independent non-executive Directors, namely Mr. Lau Fai Lawrence, Mr. Lau Yiu Kit and Mr. Ma Sai Yam. It is currently intended that, save for Mr. Tse, who is an existing executive Director, all other Directors (including independent non-executive Directors) will resign from the Board with effect from the earliest time permitted under Rule 7 of the Takeovers Code.

As at the Latest Practicable Date, the Directors were aware of the Offeror’s intention to nominate Mr. Chen as an executive Director and the chairman of the Board, and Mr. Tse will cease to be the chairman of the Board. The foregoing proposed changes will take effect after the date of posting of this Composite Document. Practicable Date, the Offeror had not reached any final decision as to who would be nominated as the new Directors. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and the Listing Rules and further announcement(s) will be made as and when appropriate.

Mr. Tse, being an existing Director as at the Latest Practicable Date who will remain on the Board, is willing to render co-operation with the Offeror and would continue to act in the best interests of the Group and the Shareholders as a whole.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

As mentioned in the “Letter from Blackwell”, the Offeror intends the Company to remain listed on the Stock Exchange. Mr. Chen and the new Director(s) to be appointed to the Board (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. For the avoidance of doubt, the Offer Shares to be tendered by the Independent Shareholders upon valid acceptance of the Offer will be retained by the Offeror.

The Stock Exchange has stated that, if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

RECOMMENDATION

Independent Shareholders are advised to read the recommendation of the Independent Board Committee set out in “Letter from the Independent Board Committee” and the advice of the Independent Financial Adviser set out in “Letter from Amasse Capital” contained in this Composite Document before deciding on the actions to be taken on the Offer.

ADDITIONAL INFORMATION

You are also advised to read this Composite Document together with the accompanying Form of Acceptance in respect of the acceptance and settlement procedures of the Offer. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

Yours faithfully,
By order of the Board
Artini Holdings Limited

A handwritten signature in black ink, consisting of several overlapping loops and a vertical stroke on the right side.

Tse Hoi Chau
Chairman and executive Director