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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)

**SUPPLEMENTAL ANNOUNCEMENT –
DISCLOSEABLE TRANSACTION
IN RELATION TO THE DISPOSAL OF
THE ENTIRE EQUITY INTERESTS IN
ZHENGZHOU JIACONG PROPERTY SERVICES CO., LTD.**

Reference is made to the announcement issued by Art Group Holdings Limited (the “Company”) on 27 June 2019 (the “Announcement”). Unless otherwise defined herein, capitalised terms used herein have the same meanings as defined in the Announcement.

PAYMENT ARRANGEMENT FOR THE CONSIDERATION

The Company would like to supplement further information regarding the arrangement for payment of Consideration as set out on pages 2 and 3 of the Announcement as follows:

The deferred payment arrangement of the remaining balance of the Consideration of RMB202,239,000 was as a result of arm’s length negotiations after taking into account the following factors: (i) all the terms and conditions of the Disposal (including the amount of the Consideration) as a whole; and (ii) the following protective measures available to the Group. Given that the Disposal would allow the Group to minimise its exposure to the possible adverse impacts on the wholesale market of the textile industry in the PRC brought by the China-US trade disputes as set out in “Reasons for the Disposal” of the Announcement, and to generate further capital to the Group for its property operating business, the Directors consider that such payment arrangement is in the interests of the Company and the Shareholders as a whole.

Protective measures

In light of the deferred payment arrangement for the remaining balance of the Consideration, the following measures have been taken:

- (i) the Purchaser has signed and delivered to the Vendor all documents (blank and undated) which are necessary to effect the transfer of the entire equity interests of the Target Company from the Purchaser to the Vendor (or such person as nominated by the Vendor);
- (ii) the shareholder of the Purchaser has signed and delivered to the Vendor a share mortgage (blank and undated) whereby the shareholder of the Purchaser agrees to pledge to the Vendor 12% of the equity interests in the Purchaser (the “**Share Pledge**”);
- (iii) the Purchaser has signed and delivered to the Vendor a power of attorney to authorise the Vendor as its lawful attorney to sign and take all actions in relation to the transfer of the entire equity interests of the Target Company from the Purchaser to the Vendor (or such person as nominated by the Vendor) and the Share Pledge; and
- (iv) until receipt of all of the Consideration, original of the corporate documents, accounts and stamps of the Target Company remain in the possession of the Vendor.

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

Hong Kong, 18 July 2019

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, Mr. Yang Zeqiang and Ms. Chong Sze Pui Joanne.