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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)

PROFIT WARNING

This announcement is made by Art Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the information currently available, it is expected that the unaudited condensed consolidated net profit of the Group for the six months ended 31 December 2019 may experience a decrease by approximately over 60% compared with that for the six months ended 31 December 2018. The Board believes that the decline is mainly due to a number of factors including (1) an increase in the costs of sales as a result of more repair and maintenance work done at the shopping malls and a salary increment with aggregated balance of approximately over HK$3 million; (2) an increase in administrative expenses attributable to the handling charges paid for two new bank borrowings of approximately over HK$7 million; and (3) an increase in finance costs of approximately over HK$11 million as a result of larger principal amount of two new bank borrowings and higher interest rate charged by the bank for the six months ended 31 December 2019.

The Company is still in the process of finalising the interim results of the Group for the six months ended 31 December 2019. The information contained in this announcement is only a preliminary assessment by the Board according to the unaudited condensed consolidated management accounts of the Group and is subject to finalisation, review by the Company's audit committee and approval by the Board.

Further details of the Group's financial results and performance will be disclosed in the interim results announcement of the Group for the six months ended 31 December 2019 to be published before the end of February 2020 in accordance with the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 21 February 2020

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.