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 (the "**Board**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on a preliminary assessment on the unaudited consolidated management accounts of the Group for the year ended 30 June 2020 and the information currently available, it is expected that the Group may record a net loss of not less than HK$35 million for the year ended 30 June 2020, as compared to a net profit of approximately HK$76 million for the year ended 30 June 2019. The Board believes that such net loss is mainly due to a number of factors, including (1) a reduction of rental, management and operating service charges to more than 280 tenants of the Jiachao's Shopping Mall and the Zone C Shopping Mall on different bases for the period from January to June 2020 with aggregated amount of approximately HK$17 million as a result of the COVID-19 pandemic; (2) a decrease in rental income of approximately HK$23 million due to a decline in usage rate for an advertisement board by the real estate companies; (3) no revenue (2019: HK$4 million) generated from the Jiacong's Shops after its disposal on 27 June 2019; (4) a decrease in fair value of the Group's investment properties of approximately HK$78 million; and (5) a substantial increase in finance costs of approximately HK$32 million mainly as a result of the two new bank borrowings with aggregated principal amount of RMB800 million for repayments of amount due to substantial Shareholder and previous bank borrowings, as well as the higher interest rate of new bank borrowings charged by the bank throughout the year ended 30 June 2020.

The Company is still in the process of finalising the annual results of the Group for the year ended 30 June 2020. The information contained in this announcement is only based on the preliminary assessment by the Board according to the unaudited consolidated management accounts of the Group for the year ended 30 June 2020 and is subject to finalisation and confirmation by the Company's auditors and approval by the Board.

Further details of the Group's financial results and performance will be disclosed in the annual results announcement of the Group for the year ended 30 June 2020 to be published before the end of September 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, 25 September 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.