

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
IN RELATION TO
THE ANNUAL RESULTS FOR THE YEAR ENDED
30 JUNE 2024**

Reference is made to (i) the announcement of Art Group Holdings Limited (the “**Company**”, which together with its subsidiaries, the “**Group**”) dated 17 October 2024 in relation to the audited annual results for the year ended 30 June 2024; and (ii) the annual report of the Company for the year ended 30 June 2024 which was published on 30 October 2024.

The Company would like to supplement the following additional information with respect to the reversal of allowance for expected credit loss on loan receivable of approximately HK\$37 million for the year recognised for the Loan advanced by the Group to Fujian Qiancheng Lujingguan Engineering Co., Ltd.* (福建千城綠景觀工程有限公司) (the “**Borrower**”). Please refer to the announcements of the Company dated 29 June 2022, 23 February 2023 and 6 December 2023 and the circular of the Company (the “**Circular**”) dated 12 August 2022 for details of the Loan. Terms used herein shall have the same meanings as defined in the Circular unless the contents herein require otherwise.

UPDATE ON THE LOAN

As stated in the Company's announcement dated 6 December 2023, based on the risk assessments on the Borrower and the guarantors and the Borrower's projected cash flow position from November 2023 to March 2024, the Company considered that the Borrower was able to repay the Loan and therefore no legal action was taken.

The Rongxin Langyue Time City Secondary School Landscape, Drainage and Sewage Project* (融信朗悅時光之城中學景觀及雨污工程) and the Zhongyuan Huaqiao City Court No. 1 Landscape Project* (中原華僑城一號院景觀工程) were completed. The Borrower used part of the payments received from these two projects to repay a further of HK\$15 million of the Loan in December 2023. The outstanding principal amount of the Loan currently is approximately RMB145.7 million. Since then, no repayment was received from the Borrower despite various requests for payment made by the Group.

It was then expected that the property market and economy would be picking up soon after the COVID-19 pandemic, however, the property market continued to be weak, and property prices continued to drop.

To the knowledge of the Directors, due to default of payment by the developer of the Guian • Xianshan de Shan Project* (貴安 • 先山的山工程), the Borrower did not receive payments for the landscaping works completed and the project ceased in around end of February 2024.

After March 2024, the Company had a few meetings with the Borrower and the guarantors on a repayment schedule. The Directors understand that as a contractor, the Borrower relies heavily on payments received from the property developer. After the sudden cessation of works and default in payments by the developer in around end of February 2024, the Borrower has been liaising with the developer on the outstanding due payments. As no payment schedule had come up with the developer, the Borrower and the guarantors could not give an expected repayment timeline with reasonable supports and basis. In the circumstances, no agreement was reached by the parties on the repayment date.

The Loan was defaulted from its maturity date on 27 April 2023. The financial positions of the Borrower and the guarantors have been adversely affected by the weak property market and economy. In light of their deteriorating financial positions, the Directors consider that the credit risk of the Loan is high. Based on the advice of the PRC lawyer, legal actions will be taken against the Borrower and the guarantors. It is expected that the litigation documents will be filed to the competent court in the PRC in mid-December 2024. The Company will make further announcement(s) on the updated status on the recovery of the Loan when and where appropriate.

On behalf of the Board
Art Group Holdings Limited
Su Peixin
Chairman

Hong Kong, 10 December 2024

* *For identification purpose only*

As at the date of this announcement, the executive directors of the Company are Mr. Su Peixin, Dr. Wong Ho Yin, Mr. Yao Linying and Mr. Chen Jinyan; and the independent non-executive directors of the Company are Mr. Chong Hon Wang, Ms. Chong Sze Pui Joanne and Ms. Wang Yuqin.