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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)

DISCLOSEABLE TRANSACTION IN RELATION TO LEASE AGREEMENTS

THE LEASE AGREEMENT

On 27 April 2026, the Lease Agreement was entered into by Lessor (1) and Lessee (1) with respect to the Subject Portion Property (1).

THE PREVIOUS LEASE AGREEMENT

On 22 May 2025, the Previous Lease Agreement was entered into by Lessor (2) and Lessee (2) with respect to the Subject Portion Property (2).

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16 and HKAS 40, the entering into of the Lease Agreement as lessee by Lessee (1) will require the Group to recognise the right-of-use assets (classified as investment properties in initial recognition in the Group's consolidated financial statements). Therefore, the entering into of the Lease Agreement will be regarded as an acquisition of asset by the Group under the Listing Rules. The fair values of the right-of-use assets as at the valuation date, 1 January 2026, recognised by the Group under the Lease Agreement amounted to approximately RMB39.5 million.

Pursuant to HKFRS 16 and HKAS 40, the entering into of the Previous Lease Agreement as lessee by Lessee (2) required the Group to recognise the right-of-use assets (classified as investment properties in initial recognition in the Group's consolidated financial statements). Therefore, the entering into of the Previous Lease Agreement was regarded as an acquisition of asset by the Group under the Listing Rules. The fair values of the right-of-use assets as at the valuation dates, 28 February 2025 and 31 December 2025, recognised by the Group under the Previous Lease Agreement amounted to approximately RMB22.8 million and RMB25.1 million, respectively.

As none of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Previous Lease Agreement on a standalone basis exceeded 5%, the Previous Lease Agreement on a standalone basis did not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratio(s) exceed(s) 5% but less than 25%, the Lease Agreement and the Previous Lease Agreement and the transactions contemplated thereunder, when aggregate, constitute a discloseable transaction of the Company and is therefore subject to the requirements of notification and announcement but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 26 April 2021 (the “**Announcement**”) and the circular of the Company dated 28 May 2021 (the “**Circular**”), in relation to, among others, the Lease Contract Zone C. Unless the contents herein require otherwise, terms used in this announcement shall have the same meanings as those defined in the Announcement and the Circular.

On 23 November 2023, the Intermediate People's Court of Zhengzhou City, Henan Province (河南省鄭州市中級人民法院) issued an enforcement judgment (2023) Yu 01 Zhi Hui 829 no. 3 (豫01執恢829號之三) (“**Court Order (1)**”) whereby it was ordered that, as a settlement of the debts owed by Lessor Zone C, the ownership of Level 1 with a gross floor area of 15,318.48 m² (Building Ownership Certificate no. 1601236964) of the Zone C Shopping Mall (the “**Subject Portion Property (1)**”) should be transferred to Lessor (1) with effect from 27 November 2023.

On 6 December 2023, the Intermediate People's Court of Zhengzhou City, Henan Province (河南省鄭州市中級人民法院) issued an enforcement judgment (2023) Yu 01 Zhi Hui 839 no. 3 (豫01執恢839號之三) (“**Court Order (2)**”) whereby it was ordered that, as a settlement of the debts owed by Lessor Zone C, the ownership of Level –1 with a gross floor area of 6,692.93 m² (Building Ownership Certificate no. 1601236963) of the Zone C Shopping Mall (the “**Subject Portion Property (2)**”) should be transferred to Lessor (2) with effect from 8 December 2023.

After the transfer of the title and ownership and before Lessor (1) decided on how to specifically operate the Subject Portion Property (1), it was agreed that, as a transitional arrangement, Zhongyuan Jinyi should operate and manage the Subject Portion Property (1) in accordance with the Lease Contract Zone C. Recently, Lessor (1) finally appointed a property operation company to lease and operate the Subject Portion Property (1). If no lease agreement is to be entered into with Lessor (1), the Group would not be able to operate the Subject Portion Property (1) as a result of the Court Order (1). The Group wishes to continue to operate the whole Zone C Shopping Mall. Through discussions and negotiations, the parties entered into the Lease Agreement.

After the transfer of the title and ownership and before Lessor (2) decided on how to specifically operate the Subject Portion Property (2), it was agreed that, as a transitional arrangement, Zhongyuan Jinyi should operate and manage the Subject Portion Property (2) in accordance with the Lease Contract Zone C. In or around early 2025, Lessor (2) decided to appoint a property operation company to lease and operate the Subject Portion Property (2). If no lease agreement is to be entered into with Lessor (2), the Group would not be able to operate the Subject Portion Property (2) as a result of the Court Order (2). The Group wishes to continue to operate the whole Zone C Shopping Mall. Through discussions and negotiations, the parties entered into the Previous Lease Agreement.

Based on the advice of the Group’s PRC legal adviser, since the Lease Contract Zone C remains legal and valid, Lessor (1) and Lessor (2) legally take up the position of Lessor Zone C with respect to the Lease Contract Zone C, it has the right to request Zhongyuan Jinyi to perform the obligations under Lease Contract Zone C and receive rental payments from Zhongyuan Jinyi.

The Group’s PRC legal adviser further advised that since Lessor Zone C has breached the Lease Contract Zone C, it has the obligations to return the remaining deposits to Zhongyuan Jinyi. In addition, Zhongyuan Jinyi has the right to bring an action against Lessor Zone C for the deposits.

THE LEASE AGREEMENT

The principal terms of the Lease Agreement are as follows:

- Date:** 27 April 2026

- Parties:**
 - (i) Lessor (1); and

 - (ii) Lessee (1)

- Rental premises:** The Subject Portion Property (1)

Rental period: The lease term shall be of an initial term of five years commencing from 1 January 2026. Upon expiry of the initial term, the lease term shall be extended for an additional five years unless either party objects.

Usage: Commercial use, operation and management by Lessee (1).

Termination: The Lease Agreement shall be amended or released by mutual agreement.

Upon occurrence of any of the following events, Lessor (1) can unilaterally release the Lease Agreement:

- Lessee (1) fails to pay the rental for 30 days and after payment requests, fails to pay within 10 working days
- Lessee (1) alters or damages the structural parts of the Subject Portion Property (1) without authorisation
- Lessee (1) uses the Subject Portion Property (1) for illegal activities
- Lessee (1) fails to rectify a breach of the Lease Agreement after notification of request for rectification

Other terms: Within thirty (30) days after the signing of the Lease Agreement, Lessee (1) shall deposit with Lessor (1) a sum of RMB350,000 as security deposit.

The rental for the first to the fifth year of lease is as follows:

Rental year	Rental area (<i>m</i>²)	Unit price (<i>RMB/m</i>²)	Rental payment per year (<i>RMB</i>)
1		30	5,514,652.80
2		30	5,514,652.80
3	15,318.48	31.5	5,790,385.44
4		31.5	5,790,385.44
5		33.075	6,079,904.76

The rental for the sixth to the tenth year of lease is as follows:

Rental year	Rental area <i>(m²)</i>	Unit price <i>(RMB/m²)</i>	Rental payment per year <i>(RMB)</i>
6		33.075	6,079,904.76
7	15,318.48	34.7288	6,383,909.16
8		34.7288	6,383,909.16
9		36.4652	6,703,097.28
10		36.4652	6,703,097.28

The rental shall be payable on a quarterly basis in advance within 21 days of the first month of the relevant quarter.

THE PREVIOUS LEASE AGREEMENT

The principal terms of the Previous Lease Agreement are as follows:

- Date:** 22 May 2025
- Parties:** (i) Lessor (2); and
(ii) Lessee (2)
- Rental premises:** The Subject Portion Property (2)
- Rental period:** From 1 March 2025 to 31 October 2040
- Usage:** Commercial use, operation and management by Lessee (2)
- Termination:** The Previous Lease Agreement shall be amended or released by mutual agreement.

Upon occurrence of any of the following events, Lessor (2) has the right to unilaterally release the Previous Lease Agreement:

- Lessee (2) fails to pay the rental for 30 days
- Lessee (2) fails to pay the security deposit within the agreed time

- Lessee (2) alters or damages the structural parts of the Subject Portion Property (2) without authorisation
- Lessee (2) uses the Subject Portion Property (2) for illegal activities
- Lessee (2) fails to rectify a breach of the Previous Lease Agreement after notification of request for rectification

Other terms: Within thirty (30) days after the signing of the Previous Lease Agreement, Lessee (2) shall deposit with Lessor (2) a sum of RMB100,000 as security deposit.

The rental is as follows:

Rental period	Rental payment (RMB)	Total rental payment for the relevant rental period (RMB)
1 March 2025 – 31 October 2026	39,000 per month	780,000
1 November 2026 – 31 October 2040	325,000 per quarter	18,200,000

The rental shall be payable on a quarterly basis in advance within 25 days of the last month of the relevant quarter.

INFORMATION OF THE PARTIES

Information of the Group

The Group is principally engaged in property operating business.

Information of Lessor (1) and Lessor (2)

To the best of the Directors' knowledge, information and belief, each of Lessor (1) and Lessor (2) is a regional office of China Orient Asset Management Co., Ltd., a central state-owned financial enterprise incorporated in the PRC. Each of Lessor (1) and Lessor (2) operates under the authorisation of the head office of China Orient Asset Management Co., Ltd. and engages primarily in distressed asset management, including the acquisition, restructuring, and disposal of non-performing assets.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Lessor (1) and Lessor (2) and their ultimate beneficial owners are Independent Third Parties.

Information of Lessee (1)

Lessee (1) is incorporated in the PRC and an indirect non-wholly-owned subsidiary of the Company. The Group indirectly holds 90% shareholding in Lessee (1). To the best of the Directors' knowledge, information and belief, the remaining 10% shareholding in Lessee (1) is held by Zhengzhou Zhenglin Commercial Operation Management Co., Ltd.* (鄭州正霖商業運營管理有限公司) (“**Zhengzhou Zhenglin**”), a company incorporated in the PRC and whose shareholders are Henan Jiushang Commercial Operation Management Co., Ltd.* (河南九上商業運營管理有限公司) (33%) (“**Henan Jiushang**”), Zhengzhou Xinertai Commercial Operation Management Co., Ltd.* (鄭州信而泰商業運營管理有限公司) (22%) (“**Xinertai**”), Li Yuchen (李雨謙) (22%), Yuan Liwei (袁利偉) (12%) and Wang Fei (王飛) (11%). Henan Jiushang is a company incorporated in the PRC and owned by Zhang Hongqiang (張紅強) as to 99% and Zhang Yiling (張藝齡) as to 1%. Xinertai is a company incorporated in the PRC and owned by Du Yanping (杜艷平) as to 90% and Du Wenqi (杜文琪) as to 10%. Du Yanping is the younger sister, and Du Wenqi is the daughter of Mr. Du Zhenluan, an executive Director. Apart from them, the other ultimate beneficial owners of each of these companies are third parties independent of the Company and its connected persons.

The primary business of Lessee (1) is property operation.

Information of Lessee (2)

Lessee (2) is incorporated in the PRC and an indirect non-wholly-owned subsidiary of the Company. The Company indirectly holds 77.78% shareholding in Lessee (2). To the best of the Directors' knowledge, information and belief, the remaining 22.22% shareholding in Lessee (2) is held by Zhengzhou Zhenglin.

The primary business of Lessee (2) is property operation.

REASONS FOR AND BENEFITS OF THE LEASE AGREEMENTS

The Group operates the Zone C Shopping Mall pursuant to the Lease Contract Zone C. The Subject Portion Property (1) and the Subject Portion Property (2) are parts of the Zone C Shopping Mall. As a result of Court Order (1) and Court Order (2), (i) the title and ownership of the Subject Portion Property (1) and the Subject Portion Property (2) have been transferred to Lessor (1) and Lessor (2), respectively; and (ii) the rental area under the Lease Contract Zone C was reduced from a gross floor area of 80,117.99 m² to 58,106.58 m². According to the advice of the Group's PRC legal adviser, Lessor (1) has the title and ownership of the Subject Portion Property (1) with effect from 27 November 2023; and Lessor (2) has the title and ownership of the Subject Portion Property (2) with effect from 8 December 2023. Since then, the Lessor Zone C has no right to deal with the Subject Portion Property (1) and the Subject Portion Property (2).

The Group's PRC legal adviser is of the view that the Lease Agreement, the Previous Lease Agreement and the Lease Contract Zone C are separate agreements, and the Lease Agreement and the Previous Lease Agreement are not the supplemental agreements to the Lease Contract Zone C.

Since the Group has been operating the Subject Portion Property (1) and the Subject Portion Property (2) since the Lease Contract Zone C, the Board considered that the Aggregated Lease Agreements will maintain the total gross floor area operated by the Group for the Zone C Shopping Mall and continue to generate rental income to the Group as under the Lease Contract Zone C and therefore are in the interests of and for the benefit of the Company and its shareholders as a whole. The Directors consider the terms of the Lease Agreement and the Previous Lease Agreement are fair and reasonable and in the interests of the shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16 and HKAS 40, the entering into of the Lease Agreement as lessee by Lessee (1) will require the Group to recognise the right-of-use assets (classified as investment properties in initial recognition in the Group's consolidated financial statements). Therefore, the entering into of the Lease Agreement will be regarded as an acquisition of asset by the Group under the Listing Rules. The fair values of the right-of-use assets as at the valuation date, 1 January 2026, recognised by the Group under the Lease Agreement amounted to approximately RMB39.5 million.

Pursuant to HKFRS 16 and HKAS 40, the entering into of the Previous Lease Agreement as lessee by Lessee (2) required the Group to recognise the right-of-use assets (classified as investment properties in initial recognition in the Group's consolidated financial statements). Therefore, the entering into of the Previous Lease Agreement was regarded as an acquisition of asset by the Group under the Listing Rules. The fair values of the right-of-use assets as at the valuation dates, 28 February 2025 and 31 December 2025, recognised by the Group under the Previous Lease Agreement amounted to approximately RMB22.8 million and RMB25.1 million, respectively.

As none of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Previous Lease Agreement on a standalone basis exceeded 5%, the Previous Lease Agreement on a standalone basis did not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratio(s) exceed(s) 5% but less than 25%, the Lease Agreement and the Previous Lease Agreement and the transactions contemplated thereunder, when aggregate, constitute a discloseable transaction of the Company and is therefore subject to the requirements of notification and announcement but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“Aggregated Lease Agreements”	collectively, the Lease Agreement and the Previous Lease Agreement
“Board”	board of Directors
“Company”	Art Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability with its securities listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	directors of the Company
“Group”	the Company and its subsidiaries
“HKAS 40”	Hong Kong Accounting Standard 40 – Investment Property
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 – Leases
“Independent Third Parties”	independent third parties not connected with the Company and its connected persons, having the meaning ascribed to such term under the Listing Rules
“Lease Agreement”	the lease agreement dated 27 April 2026 entered into by Lessor (1) and Lessee (1) in respect of the Subject Portion Property (1)
“Lease Contract Zone C”	the lease contract dated 26 April 2021 entered into by Zhengzhou Hanyuan Real Estate Co., Ltd.* (鄭州翰園置業有限公司), a company established in the PRC with limited liability as the lessor and Zhongyuan Jinyi as the lessee in respect of the Zone C Shopping Mall
“Lessee (1)”	Zhengzhou Yichi Commercial Operation Management Co., Ltd.* (鄭州義尺商業運營管理有限公司) is incorporated in the PRC and an indirect non-wholly-owned subsidiary of the Company
“Lessee (2)”	Zhengzhou Zhengxu Commercial Operation Management Co., Ltd.* (鄭州正旭商業運營管理有限公司) is incorporated in the PRC and an indirect non-wholly-owned subsidiary of the Company

“Lessor (1)”	China Orient Asset Management Co., Ltd. Hainan Branch* (中國東方資產管理股份有限公司海南省分公司) is a regional office of China Orient Asset Management Co., Ltd., a central state-owned financial enterprise incorporated in the PRC
“Lessor (2)”	China Orient Asset Management Co., Ltd. Fujian Branch* (中國東方資產管理股份有限公司福建省分公司) is a regional office of China Orient Asset Management Co., Ltd., a central state-owned financial enterprise incorporated in the PRC
“Lessor Zone C”	Zhengzhou Hanyuan Real Estate Co., Ltd.* (鄭州翰園置業有限公司), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Previous Lease Agreement”	the lease agreement dated 22 May 2025 entered into by Lessor (2) and Lessee (2) in respect of the Subject Portion Property (2)
“RMB”	renminbi, the lawful currency of the PRC
“Shareholders”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhongyuan Jinyi”	Zhengzhou Zhongyuan Jinyi Commercial Operation Management Co., Ltd.* (鄭州中原錦藝商業運營管理有限公司), an indirect wholly-owned subsidiary of the Company
“Zone C Shopping Mall”	a shopping mall situated at No. 40 Mianfang West Road, Zhongyuan District, Zhengzhou City, Henan Province, the PRC
“m ² ”	square metres

“%” per cent

* *the English names of the entities incorporated in the PRC are translation of their respective Chinese company names for the purpose of identification only.*

By order of the Board
Art Group Holdings Limited
Du Zhenluan
Director

Hong Kong, 27 April 2026

As at the date of this announcement, the executive Directors are Mr. Su Peixin, Dr. Wong Ho Yin, Mr. Yao Linying and Mr. Du Zhenluan; and the independent non-executive Directors are Mr. Chong Hon Wang, Ms. Chuang Yin Lam and Ms. Wang Yuqin.