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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)

VOLUNTARY ANNOUNCEMENT LEASE AGREEMENTS

INTRODUCTION

This announcement is made by the Company on a voluntary basis to keep the shareholders and potential investors of the Company updated of the latest business development of the Group.

The Board announced that each of Zhengzhou Yinghao and Zhengzhou Yinghan, the indirect wholly-owned subsidiaries of the Company, entered into the Yinghao's Lease Agreement and the Yinghan's Lease Agreement, respectively, with respect to the lease of the Yinghao's Premises and the Yinghan's Premises.

THE LEASE AGREEMENTS

The principal terms of the Lease Agreements are set out below:

The Yinghao's Lease Agreement

Date : 27 November 2024

Lessor : China Oriental Fujian

The Yinghan's Lease Agreement

Date : 28 November 2024

Lessor : Henan Yuhua

To the best of the Directors' knowledge, information and belief having made all reasonable inquiries, the lessors and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Lessee	:	Zhengzhou Yinghao	Zhengzhou Yinghan
Leased Premises	:	the Yinghao's Premises	the Yinghan's Premises
Gross floor area	:	40,142.00 m ²	41,385.05 m ²
Term	:	A term of 3 years commencing from 23 July 2024. Upon the expiry of the 3 years, if there is no objection from either party, the lease will be extended for a further of two years on terms and conditions to be agreed.	A term of 3 years commencing from 8 May 2024. Upon the expiry of the 3 years, if there is no objection from either party, the lease will be extended for a further of two years on terms and conditions to be agreed.
		Upon expiry of the initial 5 years term, if Zhengzhou Yinghao, the lessee, wishes to continue to lease the premises, it shall give written notice to renew the lease to the lessor 3 months before the expiry date.	Within 2 months before the expiry of each annual term, Zhengzhou Yinghan shall inform the lessor if the lease shall continue to the next year. If Zhengzhou Yinghan confirms the lease shall not be continued, the lease shall automatically terminate upon the expiry of the current year.
		Zhengzhou Yinghao has the right of first renewal to lease the premises on the same terms and conditions as other potential lessees.	
		If no renewal notice is given within the above specified timeframe, Zhengzhou Yinghao shall be deemed as not to exercise the above rights.	

Rental	:	The rental consists of a fixed component and a variable component.	The rental is:	
				Total rental (including tax) (RMB)
		The fixed component is:	Lease period	
				Total rental (including value-added tax) (RMB)
				8 May 2024 to 7 November 2024
				460,000
				8 November 2024 to 7 May 2025
				460,000
		23 July 2024 to 22 July 2025	1,898,200	
				8 May 2025 to 7 November 2025
				1,850,000
		23 July 2025 to 22 July 2026	2,757,800	
				8 May 2026 to 7 November 2026
				1,850,000
		23 July 2026 to 22 July 2027	3,204,000	
				8 November 2025 to 7 May 2026
		The variable component is:		
		(i) Zhengzhou Yinghao shall pay China Oriental Fujian a rental equal to 71.5% of the net income of the future increase rental received from the sub-tenants of the properties subleased as of the date of the Yinghao's Lease Agreement;		
				8 May 2026 to 7 November 2026
				1,950,000
				8 November 2026 to 7 May 2027
				1,950,000

(ii) Zhengzhou Yinghao shall pay China Oriental Fujian a rental equal to 30% of the net income of the future increase rental received from the sub-tenants of the properties subleased after the date of the Yinghao's Lease Agreement.

“net income” refers to rental, services fees and property income *minus* costs and expenses.

Security deposit : RMB200,000 shall be paid by Nil Zhengzhou Yinghao within 60 days from the date of the Yinghao's Lease Agreement. The deposit will be refunded within 30 working days from the termination of the lease.

REASONS FOR ENTERING INTO THE LEASE AGREEMENTS

The Group is principally engaged in property operating business. The Group continues to penetrate the property operating market, explores other new market potentials. In around September 2024, the Group expanded its property operating business through Zhengzhou Yingrui, an indirect wholly-owned subsidiary of the Company. Zhengzhou Yingrui leased 42 premises with a gross floor area of approximately 130,873 m² in the Industrial Park for a period to expire in the first half of 2027. As at the date of this announcement, the Group rented these premises to approximately 79 tenants and approximately 73.2% of the lettable area for use for production, processing and sales of men's and women's shoes, processing and sales of shoe accessories and wholesale of groceries.

The entering into of the Yinghao's Lease Agreement and the Yinghan's Lease Agreement further enhance the Group's property operating business. In addition, since the Yinghao's Premises and the Yinghan's Premises are also located in the Industrial Park, the Group can promote and manage all these properties in one location and benefit from the economies of scale.

As at the date of this announcement, the Group had rented (i) the Yinghao's Premises to 180 tenants and approximately 52.3% of the lettable area for use for wholesale of snacks, stationery and toys; and (ii) the Yinghan's Premises to 198 tenants and approximately 44.3% of the lettable area for use for wholesale of snacks, stationery, toys, sugar and machinery.

The Industrial Park located in the Advanced Manufacturing Development Zone in Xinmi City, Zhengzhou City, Henan Province, the PRC. It brings together brand enterprises in the clothing, women's casual shoes, snack food, food packaging machinery, department stores and other industries, and gathers green production, exhibitions, headquarter offices, logistics and other businesses. There are trading city, garment city, logistics parks nearby.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Art Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the share of which are listed on the Main Board of the Stock Exchange (Stock code: 565)
“connected person(s)”	has the meaning ascribed to it under the Rules Governing the Listing of Securities on the Stock Exchange
“China Oriental Fujian”	China Oriental Asset Management Company Limited. Fujian Branch* (中國東方資產管理股份有限公司福建省分公司), a company incorporated in the PRC
“Director(s)”	the director(s) of the Company

“Group”	the Company and its subsidiaries
“Henan Yuhua”	Henan Province Yuhua Construction Company Limited* (河南省宇華建設有限公司), a company incorporated in the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Industrial Park”	an industrial park named Jinyi Zhiyun City and located in Xinmi City, Zhengzhou City, Henan Province, the PRC
“Lease Agreements”	The Yinghao’s Lease Agreement and the Yinghan’s Lease Agreement
“m ² ”	square meters
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yinghan’s Lease Agreement”	the lease agreement dated 28 November 2024 entered into, among others, by Henan Yuhua as lessor and Zhengzhou Yinghan as the lessee in respect of the leasing of the Yinghan’s Premises
“Yinghao’s Lease Agreement”	the lease agreement dated 27 November 2024 entered into, among others, by China Oriental Fujian as lessor and Zhengzhou Yinghao as lessee in respect of the leasing of the Yinghao’s Premises
“Yinghan’s Premises”	7 premises with a gross floor area of approximately 41,385 m ² in the Industrial Park
“Yinghao’s Premises”	9 premises with a gross floor area of approximately 40,142 m ² in the Industrial Park

“Zhengzhou Yinghan”	Zhengzhou Yinghan Property Service Company Limited* (鄭州英翰物業服務有限公司), a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company
“Zhengzhou Yinghao”	Zhengzhou Yinghao Property Service Company Limited* (鄭州英浩物業服務有限公司), a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company
“Zhengzhou Yingrui”	Zhengzhou Yingrui Property Service Company Limited* (鄭州英睿物業服務有限公司), a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board
Art Group Holdings Limited
Su Peixin
Chairman

* English translation for identification purpose only

Hong Kong, 13 December 2024

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.