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## **ARTGO HOLDINGS LIMITED**

**雅高控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3313)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF ENTIRE EQUITY INTEREST IN JIANGXI JUESHI (JI'AN) MINING CO., LTD.\***

#### **EQUITY TRANSFER AGREEMENT**

The Board is pleased to announce that on 8 December 2015 (after trading hours of the Stock Exchange), the Purchaser, being an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendor in relation to the Acquisition, pursuant to which the Vendor has conditionally agreed to dispose and the Purchaser has conditionally agreed to acquire the entire equity interest in the Target Company for a cash Consideration of RMB250,000,000.

#### **LISTING RULES IMPLICATIONS**

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Acquisition is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

**As Completion is subject to the fulfillment of conditions precedent, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## INTRODUCTION

The Board is pleased to announce that on 8 December 2015 (after trading hours of the Stock Exchange), the Purchaser, being an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendor in relation to the Acquisition, pursuant to which the Vendor has conditionally agreed to dispose and the Purchaser has conditionally agreed to acquire the entire equity interest in the Target Company for a cash Consideration of RMB250,000,000.

The principal terms of the Equity Transfer Agreement are summarized below.

## THE EQUITY TRANSFER AGREEMENT

**Date:** 8 December 2015

- Parties:** (1) Purchaser: 匯金石(廈門)有限公司 (Huijin Stone (Xiamen) Co., Ltd.\*), an indirect wholly-owned subsidiary of the Company
- (2) Vendor: Yang Yueliang, the owner of the entire equity interest in the Target Company as at the date of this announcement

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is an Independent Third Party.

### Subject of the Acquisition

Pursuant to the Equity Transfer Agreement, the Purchaser agreed to acquire and the Vendor agreed to dispose of the entire equity interest in the Target Company. As at the date of this announcement, the registered capital of the Target Company is RMB140,000,000, which has been fully paid-up.

### Consideration and Conditions Precedent

The Consideration for the Acquisition is RMB250,000,000 and shall be payable by the Purchaser in the following manner:

- (a) as to RMB100,000,000, representing 40% of the Consideration (the “**First Tranche Consideration**”), to be payable within three Business Days after fulfillment of the following conditions precedent (collectively, the “**First Conditions**”) before 15 December 2015 (or such later date to be agreed by the Purchaser):
- (i) the Target Company having completed the registration of change in the equity interest with the relevant PRC authorities and a new business licence having been issued by the relevant PRC authorities;
  - (ii) all relevant parties to the Acquisition having executed all necessary documents for the transfer of the equity interest in the Target Company, and such documents remaining in full force and having been registered under the relevant PRC authorities;

- (iii) all personnel designated by the Purchaser having been duly appointed as directors, legal representative, managers and senior management of the Target Company, all relevant parties having executed all necessary documents for such appointments, all such documents remaining in full force and having been registered under the relevant PRC authorities, and a new business licence of the Target Company having been issued by the relevant PRC authorities;
  - (iv) a valuation report on the reserves of the Mines having been issued by a renowned professional consultant recognized by the Purchaser and to the satisfaction of the Purchaser, certifying that the aggregate reserves of the Mines shall not be less than 19.85 million cubic metres (and translating into block of not less than 5.56 million cubic metres);
  - (v) the financial audit on the Target Company having been completed and an audit report of the Target Company to the satisfaction of the Purchaser having been delivered;
  - (vi) all approval, consent and/or registered documents necessary for the transfer of the equity interest in the Target Company having been obtained and remaining in full force;
  - (vii) the Vendor having been in compliance with all the obligations, undertakings and covenants contained in the Equity Transfer Agreement and all representations and warranties remaining true, accurate, complete and not misleading; and
  - (viii) there having been no matter, change or circumstance which, whether isolated or aggregated, will or is reasonably likely to adversely affect the Vendor and/or the Target Company;
- (b) as to RMB125,000,000, representing 50% of the Consideration (the “**Second Tranche Consideration**”), to be payable within three Business Days after fulfillment of the following conditions precedent (collectively, the “**Second Conditions**”) before 20 December 2015 (or such later date to be agreed by the Purchaser):
- (i) the Target Company having been in existence and operation and the mining projects with respect to the Mines having been constructed in accordance with the relevant laws and regulations since the date of the Equity Transfer Agreement;
  - (ii) the Vendor having been in compliance with all the obligations, undertakings and covenants contained in the Equity Transfer Agreement and all representations and warranties remaining true, accurate, complete and not misleading; and
  - (iii) there having been no matter, change or circumstance which, whether isolated or aggregated, will or is reasonably likely to adversely affect the Vendor and/or the Target Company; and

- (c) the remaining balance of RMB25,000,000, representing 10% of the Consideration (the “**Third Tranche Consideration**”), to be payable within three Business Days after fulfillment of the following conditions precedent (the “**Third Conditions**”) before 30 December 2015 (or such later date to be agreed by the Purchaser):
- (i) the Target Company having been in existence and operation and the mining projects with respect to the Mines having been constructed, explored and operated in accordance with the relevant laws and regulations since the date of the Equity Transfer Agreement;
  - (ii) the Vendor having been in compliance with all the obligations, undertakings and covenants contained in the Equity Transfer Agreement and all representations and warranties remaining true, accurate, complete and not misleading; and
  - (iii) there having been no matter, change or circumstance which, whether isolated or aggregated, will or is reasonably likely to adversely affect the Vendor and/or the Target Company.

If any of the First Conditions shall not be fulfilled before 15 December 2015, the Purchaser shall be entitled to terminate the Equity Transfer Agreement or to request the Vendor to fulfil all First Conditions by a later date to be agreed by the Purchaser.

If any of the Second Conditions shall not be fulfilled or any of the First Conditions shall not be fulfilled or have become unfulfilled before 20 December 2015, the Purchaser shall be entitled to terminate the Equity Transfer Agreement and request the Vendor to return the First Tranche Consideration, or to request the Vendor to fulfil all of the First Conditions and/or Second Conditions by a later date to be agreed by the Purchaser.

If any of the Third Conditions shall not be fulfilled or any of the First Conditions or Second Conditions shall not be fulfilled or have become unfulfilled before 30 December 2015, the Purchaser shall be entitled to terminate the Equity Transfer Agreement and request the Vendor to return the First Tranche Consideration and the Second Tranche Consideration, or to request the Vendor to fulfil all of the First Conditions and/or Second Conditions and the Third Conditions by a later date to be agreed by the Purchaser.

In the event that the Purchaser has identified any liabilities or payables by the Target Company after the date of the Equity Transfer Agreement, the Consideration shall be adjusted downward by an amount equal to such liabilities or payables, and if the Consideration has already been settled in full, the Vendor shall compensate the Purchaser for such amount equivalent to such liabilities or payables.

The Consideration was determined at after arm’s length negotiations between the Purchaser and the Vendor after taking into consideration of, among other things, (i) the future prospects of the Target Company and its potential contribution to the businesses of the Group; and (ii) the valuation of the Mines as prepared by an independent valuer.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Equity Transfer Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The Consideration is intended to be funded by internal resources of the Group.

### **Completion of the Acquisition**

Completion of the Acquisition shall take place on the date on which the registration of change in the equity interest in the Target Company with the relevant PRC authorities has been completed.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company.

### **INFORMATION ON THE TARGET COMPANY**

The Target Company was established in the PRC on 21 January 2010 with limited liability and is principally engaged in, among other things, mining investment, exploration of mines and green engineering and wholesale and retail of construction materials. As at the date of this announcement, the Target Company has a registered capital of RMB140,000,000, which has been fully paid-up and is wholly-owned by the Vendor, and holds a valid mining permit for each of the Mines issued by the Land and Resources Bureau of Ji'an City, Jiangxi Province in accordance with applicable PRC laws and regulations.

As at the date of this announcement, the Target Company was in its preliminary development stage and has not incurred any turnover or profit for the two financial years ended 31 December 2014. Upon completion of the Acquisition, the Group will develop the mining business of the Target Company.

Based on the unaudited account of the Target Company made up to 30 June 2015 (prepared in accordance with the PRC GAAP), the unaudited net assets value of the Target Company as at 30 June 2015 was approximately RMB290,000,000.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company is an investment holding company. The Group is principally engaged in mining, processing, distribution and sales of marble stones.

The Group has been actively exploring business opportunities that are in line with the Group's business strategy. In particular, the Group endeavours to secure a steady supply of marble in the upstream, with a view to maintaining its stable and high quality production in the midstream of the industry, and laying great emphasis on the development of sales channels in the downstream. Given the fact that the Target Company's Mines, which are in the vicinity of the Company's wholly-owned Yongfeng Mine in Jiangxi Province, contain high-quality and abundant reserves of mineral resources, the Mines are in white colour, and its exploration rights are exclusively owned by the Target Company, the Board considers that the Acquisition enables the Group to further develop its current mining business, to enhance its pricing power and competitiveness in the market of marble stones, and to supplement the colour and texture on the basis of the Group's existing white-grey marble stones, thus provides an opportunity to the Group to increase its profitability and to expand its market share, which will in turn benefit the Company and its shareholders as a whole.

Taking account of the aforesaid, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Equity Transfer Agreement and the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Acquisition is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

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## **DEFINITIONS**

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

|                   |  |
|-------------------|--|
| “Acquisition”     | the acquisition of the entire equity interest in the Target Company by the Purchaser pursuant to the Equity Transfer Agreement   |
| “associate(s)”    | has the meaning ascribed thereto in the Listing Rules  |
| “Board”           | the board of Directors   |
| “Business Day(s)” | a day on which licensed banks in the PRC are generally opened throughout their normal business hours (excluding Saturdays, Sundays and public holidays but including Saturdays and Sundays temporarily announced by the PRC authorities as a business day) |
| “Company”         | ArtGo Holdings Limited (雅高控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 3313)  |
| “Completion”      | completion of the Acquisition in accordance with the terms and conditions of the Equity Transfer Agreement   |
| “Consideration”   | the total consideration for the Acquisition, being RMB250,000,000  |
| “Director(s)”     | director(s) of the Company   |

|                             |   |
|-----------------------------|---|
| “Equity Transfer Agreement” | the conditional equity transfer agreement dated 8 December 2015 entered into between the Purchaser and the Vendor in relation to the Acquisition  |
| “Group”                     | the Company and its Subsidiaries from time to time  |
| “Hong Kong”                 | the Hong Kong Special Administrative Region of the PRC  |
| “Independent Third Party”   | any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules) |
| “Listing Rules”             | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Mines”                     | the two marble stone mines situated in Lingnan Village, Tengtian Town, Yongfeng County, Ji’an City, Jiangxi Province (江西省吉安市永豐縣藤田鎮嶺南村) and Zhangxi Village, Shima Town, Yongfeng County, Ji’an City, Jiangxi Province (江西省吉安市永豐縣石馬鎮張溪村), respectively   |
| “PRC”                       | the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan  |
| “PRC GAAP”                  | PRC Generally Accepted Accounting Principles  |
| “Purchaser”                 | 匯金石(廈門)有限公司 (Huijin Stone (Xiamen) Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company  |
| “Shareholders”              | holders of the issued Shares from time to time  |
| “Share(s)”                  | ordinary share(s) of HK\$0.01 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)   |
| “Stock Exchange”            | The Stock Exchange of Hong Kong Limited   |
| “Subsidiary(ies)”           | has the meaning ascribed to it in the Listing Rules   |
| “Target Company”            | 江西省珽石(吉安)礦業有限公司 (Jiangxi Jueshi (Ji’an) Mining Co., Ltd.*), a company established in the PRC with limited liability, the equity interest of which is entirely owned by the Vendor as at the date of this announcement   |



“Vendor” Yang Yueliang, the owner of the entire equity interest in the Target Company as at the date of this announcement

“RMB” Renminbi, the lawful currency of the PRC

“%” per cent.

By order of the Board  
**ArtGo Holdings Limited**  
**Liu Chuanjia**  
*Chairman and Executive Director*

Xiamen, The People’s Republic of China, 8 December 2015

*As at the date of this announcement, the executive Directors are LIU Chuanjia, WU Wenzhen, LI Dingcheng and HAN Yingfeng, and the independent non-executive Directors are LIU Jianhua, WANG Hengzhong and JIN Sheng.*

*\* For identification purpose only*