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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)

MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION

Financial Adviser



Euto Capital Partners Limited

This announcement is made by the board (the “**Board**”) of the directors (the “**Director(s)**”) of Artgo Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance.

ENTERING INTO THE MOU

The Board announced that, on 15 December 2016 (after trading hours), the Purchaser and the Vendors have entered into the MOU. Pursuant to the MOU, the Vendors have conditionally agreed to sell part of or the entire interest of the Target Group to the Purchaser (or its wholly-owned subsidiary). As advised by the Vendors, the Target Company mainly acts as the sales and operation service provider for the spot trade market of Hainan Commodity Exchange Centre Company Limited* (海南大宗商品交易中心有限公司) (the “**Exchange Centre**”).

The Board has been actively exploring other business opportunities in order to diversify the existing business of the Group and to explore new markets with significant growth potential. The Group intends to finance the development of potential new business with its internal resources. Despite the intention of the Group to develop possible new business, the Group will continue to conduct its existing principal business of mining, processing, distribution and sales of marble stones as well as commodity trading. The Board expects that the potential new business will enable the Group to expand its business portfolio, diversify its income source and possibly enhance its financial performance.

In the event that the Acquisition successfully proceeded by the Group, the Group will make further announcement as and when appropriate and will comply with necessary requirement of the Listing Rules. As the parties involved have not entered into any binding agreement as at the date of this announcement, the possible Acquisition may or may not materialise. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

Further announcement(s) relating to the possible Acquisition will be made by the Company as and when appropriate.

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance.

THE MOU

On 15 December 2016 (after trading hours), the Purchaser and the Vendors have entered into the MOU, pursuant to which the Vendors conditionally agreed to sell part of or the entire interest of the Target Company to the Purchaser (or its wholly-owned subsidiary). Details of the MOU are as follows.

Date : 15 December 2016 (after trading hours)

Parties : (i) the Purchaser; and

(ii) the Vendors.

The Vendors include Mr. Chen Lijian (陳勵堅) (holding 80% of equity interests of the Target Company) and Mr. Chen Yuanbin (陳元濱) (holding the remaining 20% of equity interests of the Target Company); Mr. Chen Lijian has been the chairman of operation centre of Hainan Commodity Exchange Centre Company Limited* (海南大宗商品交易中心有限責任公司) since 2012 and is one of the shareholders of the Exchange Centre.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendors are independent third parties.

Assets to be acquired

Subject to the signing of agreement between the parties, the Vendors will sell and the Purchaser will acquire part of or the entire equity interest of the Target Group.

As advised by the Vendors, 海南互融農業開發有限公司, (the “**Target Company**”) is a limited liability company which incorporated in the PRC, mainly acts as the sales and operation service provider for the spot trade market of the Exchange Centre. The Target Company had entered operation agreement with the Exchange Centre commenced from 1 August 2016 to 31 July 2020, and can be extended by further agreement.

As per the Vendor, the Target Company will undergo an reorganization. After the completion of such reorganization, the entire interest of the Target Company will directly or indirectly wholly owned by a new company to be incorporated in the British Virgin Island which wholly owned by the Vendors (“**Target Group**”).

Consideration

The consideration of the Acquisition is subject to further negotiation between the parties of the MOU.

Exclusive Period

During the six months after signing the MOU, each of the Vendors shall not procure the Target Company and the Target Group and its directors, staff, employees, representatives and agents to, in respect of the sales of shares, directly or indirectly: (i) solicit, initiate or encourage inquiries or offers from; (ii) initiate or continue negotiations or discussions with or furnish any information to; or (iii) enter into any contracts or letter of intent or memorandum with, any persons or organisations (except the Purchaser). Should the Target Company or the Vendors receive any respective inquiries or invitation, the Purchaser would be informed immediately.

The parties agreed to engage professional intermediaries to discuss and prepare relevant legal documents in respect of specific matters on the Acquisition. Materialising the Acquisition is subject to finalisation and signing of the SP Agreement by the parties.

Conditions

The Purchaser will conduct due diligence in respect of the transaction and all Vendors have undertaken to assist and procure the Target Company and the Target Group to assist, in ensuring smooth proceeding of the due diligence.

Legal Effect

Save for those provisions relating to the exclusivity, confidentiality, the governing law and jurisdiction, the provisions of the MOU does not have any legal effect.

Information about the Group

The Company is an investment holding company. The Group mainly engages in (i) mining; (ii) processing; (iii) trading; and (iv) sales of marble stones and trading of commodities.

Information about the Target Company

As advised by the Vendors, the Target Company has entered into an operating agreement with the Exchange Centre for a term of five years commencing from 1 August 2016, in relation to the establish and set up of the spot trading department for the Exchange Centre and the introduction of spot commodities sales mode. Accordingly, the Target Company will be responsible for:

- (i) providing advice and recommendation on the design of the exchange system for the commodities sales mode, which will be incorporated into the relevant system (including but not limited to the membership management system, governing system, trading settlement system, spot settlement system, risk control system etc.) after the approval of the Exchange Centre;
- (ii) developing client resources and providing customer services for the Exchange Centre;
- (iii) establishing and setting up spot trading department for the Exchange Centre;
- (iv) responsible for the relevant operating cost and expense for the sales mode and spot trading department (including but not limited to staff expense, office cost, rental for premises, fee for trading system etc.);
- (v) ensuring the physical commodities and deposit fund reserve satisfy the settlement requirement so as to procure smooth transaction of the spot commodities;
- (vi) collecting deposit and charges from the members of the sales mode and spot transaction for the Exchange Centre and such deposit and charges rate shall be determined and approved by the Exchange Centre. The deposit from the trading members shall be banked into designated bank account of the Exchange Centre and is managed and monitored by the Exchange Centre in accordance with the requirement of the regulatory authorities.

The Board has been actively exploring other business opportunities in order to diversify the existing business of the Group and to explore new markets with significant growth potential. The Group intends to finance the development of potential new business with its internal resources. Despite the intention of the Group to develop possible new business, the Group will continue to conduct its existing principal business of mining, processing, distribution and sales of marble stones as well as commodity trading. The Board expects that the potential new business will enable the Group to expand its business portfolio, diversify its income source and possibly enhance its financial performance.

In the event that the Acquisition successfully proceeded by the Group, the Group will make further announcement as and when appropriate and will comply with necessary requirement of the Listing Rules. As the parties involved have not entered into any binding agreement as at the date of this announcement, the possible Acquisition may or may not materialise. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares of the Company.

Definitions

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

“Acquisition”	the acquisition of part of or the entire interest of the Target Group by the Purchaser from the Vendors
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday, public holiday or any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m. in Hong Kong) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“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 Main Board (Stock Code: 3313)
“connected person(s)”	has the meaning as ascribed thereto under the Main Board Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange
“MOU”	the Memorandum of Understanding dated 15 December 2016 entered into by the Purchaser and the Vendors setting out the preliminary understanding for the Acquisition
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan
“Purchaser”	The Company or wholly-owned subsidiary of the Company
“Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the issued share capital of the Company

“Shareholder(s)”	the holder(s) of the Share(s)
“SP Agreement”	the formal sale and purchase agreement for the Acquisition which may or may not be entered into
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	海南互融農業開發有限公司, a limited liability company which incorporated in the PRC
“Target Group”	a new company to be incorporated in the British Virgin Island which wholly owned by the Vendors, the Target Company and its subsidiaries
“Vendors”	Mr. Chen Lijian and Mr. Chen Yuanbin
“%”	per cent.

By order of the Board of
ArtGo Holdings Limited
Wu Jing
Chairman and Acting Chief Executive Director

Hong Kong, 15 December 2016

As at the date of this announcement, the executive Directors are Mr. Gu Weiwen, Mr. Zhang Jian, Ms. Wu Jing, Dr. Leung Ka Kit and Mr. Li Dingcheng, the non-executive Director is Mr. Gu Zengcai, and the independent non-executive Directors are Mr. Liu Jianhua, Mr. Wang Hengzhong, and Mr. Hui Yat On.

** For identification purpose only and should not be regarded as the official English translation of the Chinese names. In the event of any inconsistency, the Chinese name prevails*