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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 THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF EVOKE INVESTMENT LIMITED INVOLVING THE ISSUE OF NEW SHARES UNDER GENERAL MANDATE**

**Financial Adviser**



**Euto Capital Partners Limited**

#### **THE ACQUISITION**

The Board is pleased to announce that on 19 December 2016 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company and the Vendor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company, at the Consideration of approximately RMB227,280,000 (equivalent to approximately HK\$253,643,000). The Consideration shall be satisfied by a combination of cash in the sum of approximately RMB49,559,000 (equivalent to approximately HK\$55,307,000) and the allotment and issuance of 318,000,000 Consideration Shares under General Mandate at the Issue Price of HK\$0.6237 by the Company to the Vendor.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Company's consolidated financial statements.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios (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 and is therefore subject to the reporting and announcement requirements under the Listing Rules.

**As the Acquisition is subject to fulfilment of certain conditions precedent set out in the Agreement and therefore may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Shares.**

## **THE ACQUISITION**

On 19 December 2016 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company and the Vendor entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company, at the Consideration of RMB227,280,000 (equivalent to approximately HK\$253,644,480).

The principal terms of the Agreement are summarized as follows:

### **Date**

19 December 2016 (after trading hours)

### **Parties**

- (i) the Purchaser; and
- (ii) the Vendor.

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

### **Assets to be acquired**

Pursuant to the Agreement, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company.

The Vendor shall procure the completion of the Restructuring prior to Completion. Upon completion of the Restructuring, the WOFE will be interested in 51% of the entire registered capital of the Project Company.

For details of the Target Group, please refer to the section headed "INFORMATION ON THE TARGET GROUP AND THE RESTRUCTURING".

## **Consideration**

The consideration for the Sale Shares is approximately RMB227,280,000 (equivalent to approximately HK\$253,644,480), which shall be satisfied by the Purchaser in the following manner:

- (i) an amount of approximately RMB49,559,000 (equivalent to approximately HK\$55,307,000) shall be payable by the Purchaser in cash by way of transfer into the bank account as designated by the Vendor within 5 Business Days from the date of signing of the Agreement; and
- (ii) the remaining balance of approximately RMB177,721,000 (equivalent to approximately HK\$198,336,000) shall be satisfied by way of the allotment and issuance of the Consideration Shares within 7 Business Days after fulfilment or waiver (as the case may be) of the conditions precedent under the Agreement.

## **Basis of the Consideration**

The Consideration has been arrived at after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms after taking into consideration of the Mine's estimated resources of limestone and the valuation of 100% equity interest in the PRC Project Company prepared by the Independent Valuer of approximately RMB445,647,600 under market approach as at 19 December 2016 (the "**Valuation**").

## **Consideration Shares**

The Consideration Shares represent (i) approximately 19.96% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.64% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares immediately after Completion. The Consideration Shares will be allotted and issued under the General Mandate.

The Consideration Shares to be allotted and issued upon Completion shall be credited as fully paid and rank pari passu with all other Shares in issue in the share capital of the Company. Application will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the Consideration Shares.

The Consideration Shares will be allotted and issued at the Issue Price, which represents:

- (a) a discount of approximately 16.84% to the closing price of HK\$0.75 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (b) a discount of approximately 18.79% to the average closing price of HK\$0.768 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

## Conditions precedent

- (i) Pursuant to the Agreement, the Purchaser's obligation to purchase the Sale Shares shall be conditional upon fulfilment of the following conditions precedent on or before the Long Stop Date:
  - (a) the Purchaser having entrusted a qualified valuer to verify and appraise the assets, liabilities, shareholding structure and value of the Target Company, and being reasonably satisfied with the report of the valuation (the "**Valuation Report**");
  - (b) the Purchaser being reasonably satisfied with the content and conclusion of the PRC legal opinions in respect of the Target Group (including the Restructuring);
  - (c) the Purchaser being reasonably satisfied and accepting the results of the due diligence (including the due diligence of the legal and financial affairs) conducted by the Target Group;
  - (d) there is no breach by the Vendor of its representations, warranties and undertakings given under the Agreement;
  - (e) there is no material breach of the terms and conditions set out in the Agreement by the Vendor, the Target Company and the subsidiaries of the Target Group prior to the Completion;
  - (f) the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Consideration Shares on the Stock Exchange;
  - (g) the restructuring having been completed to the satisfaction of the Purchaser; and
  - (h) all necessary relevant approvals and consents (including approvals of the relevant governmental and regulatory authorities) being obtained for the sale and purchase of the Sale Shares (if necessary).
- (ii) The Purchaser may waive in writing the conditions precedent (a), (b), (c), (d) and (e) as set out above at its absolute discretion. The above conditions precedent (f), (g) and (h) shall not be waived. In the event that all conditions precedent above not being satisfied or waived (as the case may be) on or before the Long Stop Date, and without affecting the liabilities for any breach of any terms of the Agreement, the Agreement and any matters contained thereof and the rights and obligations of the Agreement and the parties shall be deemed to be void. Pursuant to the Agreement, the Vendor shall refund the deposit in full to the Purchaser. No party shall have any claim against the other in respect the obligations and liabilities or the sale and purchase of the Sale Shares contemplated thereunder; provided that (i) non-fulfilment of any of the conditions is not due to the fault or default of the Purchaser or the Vendor; or (ii) there are prior breaches of the terms of the Agreement.

## Completion

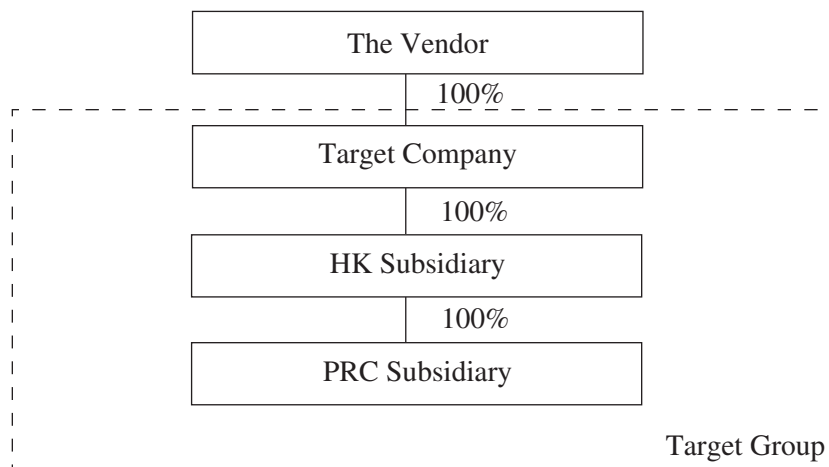
The Completion shall take place no later than Long Stop Date or such other day as the parties to the Agreement may mutually agree in writing.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Company's consolidated financial statements.

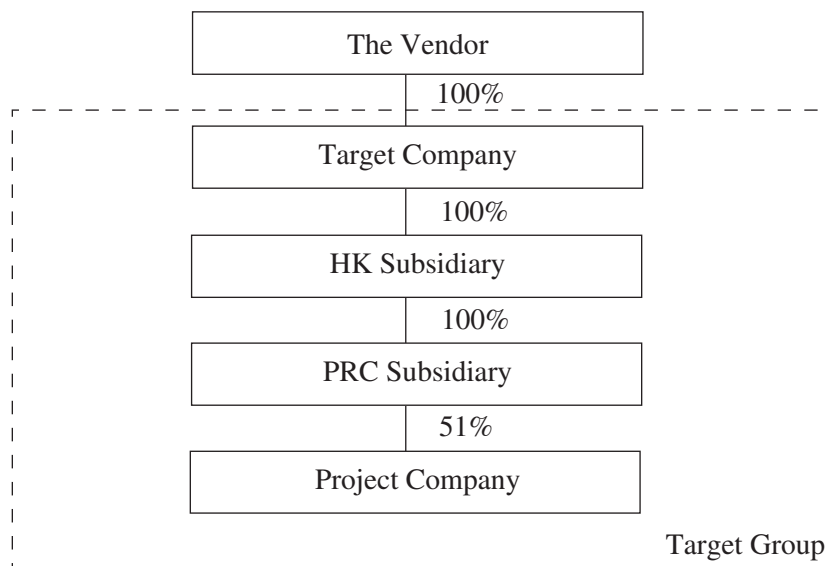
### INFORMATION ON THE TARGET GROUP AND THE RESTRUCTURING

The Target Group is undergoing the restructuring. The following diagram illustrates the shareholding structures of the Target Group (i) as at the date of this announcement, (ii) immediately after the restructuring but prior to the Completion and (iii) immediately after the Completion:

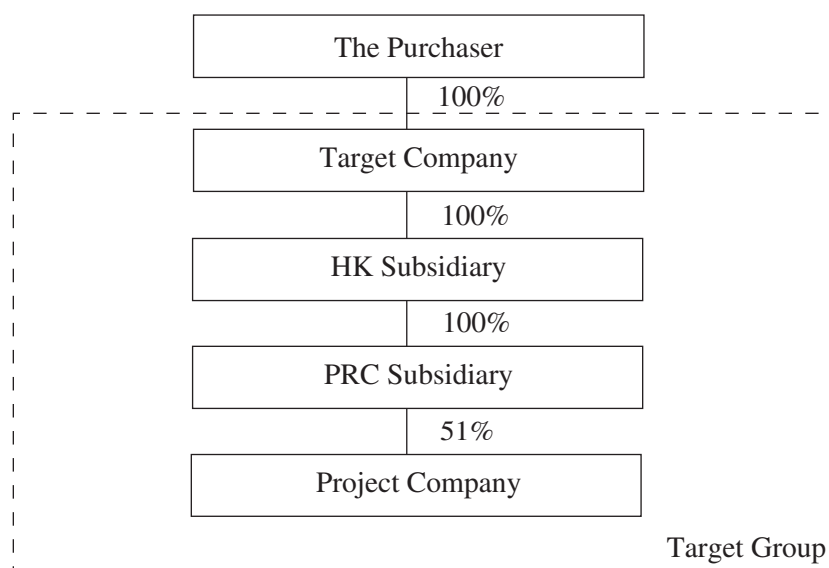
#### Shareholding structure of the Target Group immediately after restructuring but prior to the Completion as at the date of this announcement



#### Shareholding structure of the Target Group immediately after restructuring but prior to the Completion



## Shareholding structure of the Target Group immediately after the Completion



### (i) The Target Company

The Target Company is a company incorporated under the laws of the British Virgin Islands on 20 October 2016. As advised by the Vendor, the principal business of the Target Company is investment holding. As at the date of this announcement, the Target Company is directly wholly-owned by the Vendor.

### (ii) The HK Subsidiary

The HK Subsidiary is a limited liability company incorporated in Hong Kong on 9 September 2016. As advised by the Vendor, the principal business of the HK Subsidiary is investment holding. As at the date of this announcement, the HK Subsidiary is directly wholly-owned by the Target Company.

### (iii) The WOFE

The WOFE is a limited liability company incorporated in the PRC on 11 November 2016. As advised by the Vendor, the WOFE is principally engaged in (i) investing in mining business and (ii) assisting in managing and operating mining business in the PRC. As at the date of this announcement, the WOFE is directly wholly-owned by the HK Subsidiary.

As a condition precedent to the Acquisition, the Target Company will undergo the Restructuring whereby the WOFE will acquire 51% of the entire registered capital of the Project Company.

### (iv) The Project Company

The Project Company is a limited liability company incorporated in the PRC on 9 January 2009, with a registered capital of RMB5,000,000. As advised by the Vendor, the Project Company held the exploration rights to two limestone mines in Guangxi Province (the “Mines”) and both of which are under production.

It is expected that completion of the Restructuring will take place on or before the Long Stop Date, upon which the Target Company will be interested in 51% of the Project Company through the HK Subsidiary and the WOFE.

**(v) The Mines**

One of the Mines is located at Industrial Zone, Wenxi Town, Guanyang County, Guilin City, Guangxi Province (廣西省桂林市灌陽縣文市鎮工業集中區) with mining area amounting approximately 0.0808 square kilometers. The Mining License of the target mine held by the Project Company for the mining of limestone was granted by the government of Guanyang County in Guangxi Province, the PRC and is valid for a period between 7 December 2015 and 7 December 2018.

Apart of the aforesaid, another mine is located at Wenxi Town, Guanyang County, Guilin City, Guangxi Province (廣西省桂林市灌陽縣文市鎮) with mining area amounting approximately 0.4587 square kilometers. The Mining License of the target mine held by the Project Company for the mining of limestone was granted by the government of Guanyang County in Guangxi Province, the PRC and is valid for a period between 4 March 2015 and 4 March 2018.

**Financial information of the Target Group**

The Target Company, the HK Subsidiary and the PRC Subsidiary are principally engaged in investment holding. As at the date of this announcement, the Target Company does not have any other major assets.

Set out below are financial information of the Project Company, as extracted from its management accounts for the year ended 31 December 2015 (audited) and for the period from 1 January 2016 to 31 October 2016:

	<b>For the period from 1 January 2016 to 31 October 2016 RMB'000 (audited)</b>	<b>For the year ended 31 December 2015 RMB'000 (unaudited)</b>
Revenue	2,073	4,610
Loss before tax	282	229
Loss after tax	282	229

**REASONS AND BENEFITS OF FOR THE ACQUISITION**

The Company is an investment holding company. The principal activities of the Group include (i) mining, (ii) processing, (iii) trading, (iv) sales of marble stones and trading of commodities.

The Group has been actively exploring business opportunities that are in line with the Group's business strategy. Given that (i) the Mines contain high-quality and abundant reserves of mineral resources and (ii) its exploration rights are exclusively owned by the Project Company, the Board considers that the Acquisition enables the Group to further develop its current mining business and to enhance its pricing power and competitiveness in the stone market, 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 into account of the aforesaid, the Board considers that the Acquisition shall enrich the Group's mineral resources portfolio and broaden the income source of the Group and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately following the Completion and the allotment and issuance of the Consideration Shares:

	(i) as at the date of this announcement		(ii) immediately following the Completion and the issuance of the Consideration Shares	
	<i>Shares</i>	<i>Approximate %</i>	<i>Shares</i>	<i>Approximate %</i>
Wu Jing	476,332,840	29.89	476,332,840	24.92
China Marble Investment Holdings Limited	321,872,452	20.20	321,872,452	16.84
Wang Jiangze	260,000,000	16.32	260,000,000	13.60
Xu Kefu	189,764,160	11.91	189,764,160	9.93
Sun Haocheng	140,678,000	8.83	140,678,000	7.36
Vendor	—	—	318,000,000	16.64
Other public Shareholders	<u>204,686,548</u>	<u>12.85</u>	<u>204,686,548</u>	<u>10.71</u>
<b>Total</b>	<u><u>1,593,334,000</u></u>	<u><u>100.00%</u></u>	<u><u>1,911,334,000</u></u>	<u><u>100.00</u></u>

## LISTING RULES IMPLICATIONS

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

**As the Acquisition is subject to fulfilment of certain conditions precedent set out in the Agreement and therefore may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the Shares.**



## DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser pursuant to the Agreement
“Agreement”	the conditional sale and purchase agreement dated 19 December 2016 entered into between the Purchaser and the Vendor in respect of the Acquisition
“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
“BVI”	the British Virgin Islands
“Company”	ArtGo Holdings Limited (雅高控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board (Stock Code: 3313)
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Agreement
“Completion Date”	31 March 2017 or such other date as the parties to the Agreement may agree
“Connected Person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	approximately RMB227,280,000 (equivalent to approximately HK\$253,644,480), being the total consideration for the Acquisition
“Consideration Share(s)”	the 318,000,000 new Shares to be allotted and issued to the Vendor at the Issue Price, credited as fully paid, for the purpose of settling the Consideration
“Director(s)”	the director(s) of the Company
“Financial Adviser”	Euto Capital Partners Limited, the financial adviser of the Company

“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 25 May 2016 to issue and allot up to 318,666,800 Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing such resolution
“Group”	the Company and its subsidiaries
“HK Subsidiary”	Evoking (HK) Management Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected to the Company and any of its connected persons (as defined in the GEM Listing Rules) or their respective associates
“Independent Valuer”	四川國潤資產評估有限公司, an asset appraisal institution established in July 2007 in the PRC and approved by the Department of Finance of Sichuan Province
“Issue Price”	HK\$0.6237, being the issue price per Consideration Share
“Last Trading Day”	19 December 2016, being the last trading day immediately before the entering into the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2017 or such other date as the parties to the Agreement may agree
“Main Board”	Main Board of the Stock Exchange
“Mining License(s)”	the license(s) authorising the Project Company to conduct exploitation activities at the Mines
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan
“PRC Subsidiary”	重慶啟力創歐實業有限公司, a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the HK Subsidiary

“Project Company”	灌陽縣桂灌石材有限責任公司, a company established in the PRC with limited liability and is owned as to 51% by the Target Group at the date of this announcement
“Purchaser”	ArtGo Investment Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share(s)”	the entire issued capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Evoke Investment Limited, a company incorporated in the BVI with limited liability
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Zhang Tao
“WOFE”	重慶啟力創歐實業有限公司, a wholly owned foreign enterprise established in the PRC and is wholly-owned by the HK Subsidiary
“%”	per cent

*In this announcement, amounts quoted in RMB have been converted into HK\$ at the rate of HK\$1.00 to RMB0.896. Such exchange rate has been used, where applicable, for the purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

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

Hong Kong, 19 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.*