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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 CHANCELLOR INVESTMENT HOLDING LIMITED

Financial Adviser



Euto Capital Partners Limited

THE ACQUISITION

The Board is pleased to announce that on 29 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 Share, representing the entire issued share capital of the Target Company, at the Consideration of RMB240,000,000 (equivalent to approximately HK\$267,857,000), which shall be settled in cash.

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 29 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 Share, representing the entire issued share capital of the Target Company, at the Consideration of RMB240,000,000 (equivalent to approximately HK\$267,857,000).

The principal terms of the Agreement are summarized as follows:

Date

29 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 Share, representing the entire issued share capital of the Target Company.

Consideration

The Consideration of the Sale Share is RMB240,000,000 (equivalent to approximately 267,857,000), which shall be satisfied by the Purchaser in the following manner:

- (i) a refundable deposit in the amount of RMB200,000,000 (equivalent to approximately HK\$223,214,000), shall be payable by the Purchaser in cash within 5 Business Days from the date of signing of the Agreement; and

- (ii) the remaining balance in the amount of approximately RMB40,000,000 (equivalent to approximately HK\$44,640,000), shall be payable by the Purchaser 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 RMB303,070,000 under market approach as at 30 November 2016 (the "Valuation").

Conditions precedent

- (i) Pursuant to the Agreement, the Purchaser's obligation to purchase the Sale Share 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 mining resources 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;
 - (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; and
 - (f) 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 Share (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) 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

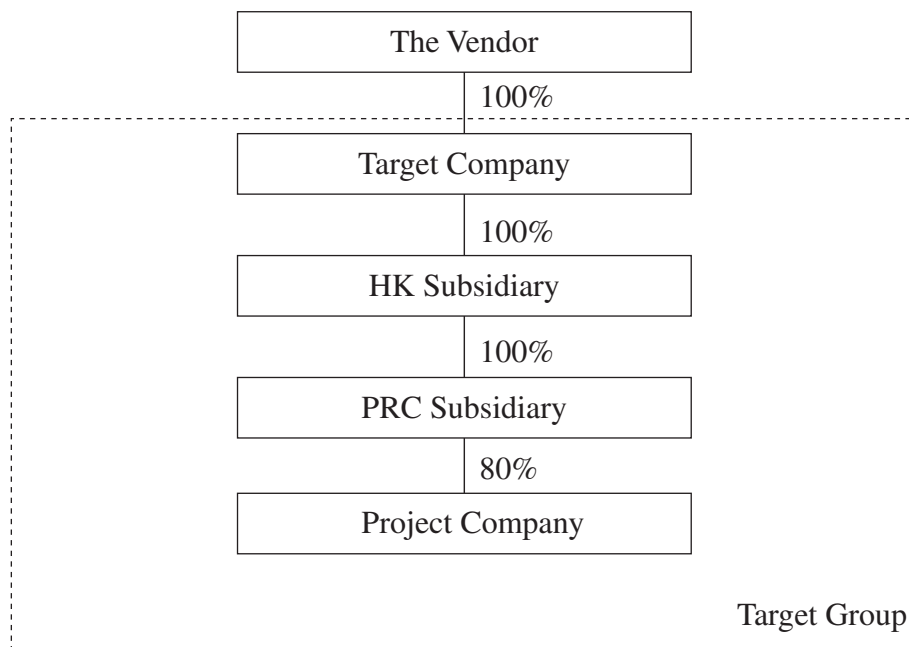
The Completion shall take place no later than Long Stop Date or such other day as the parties to the Agreement may mutually agree in writing.

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.

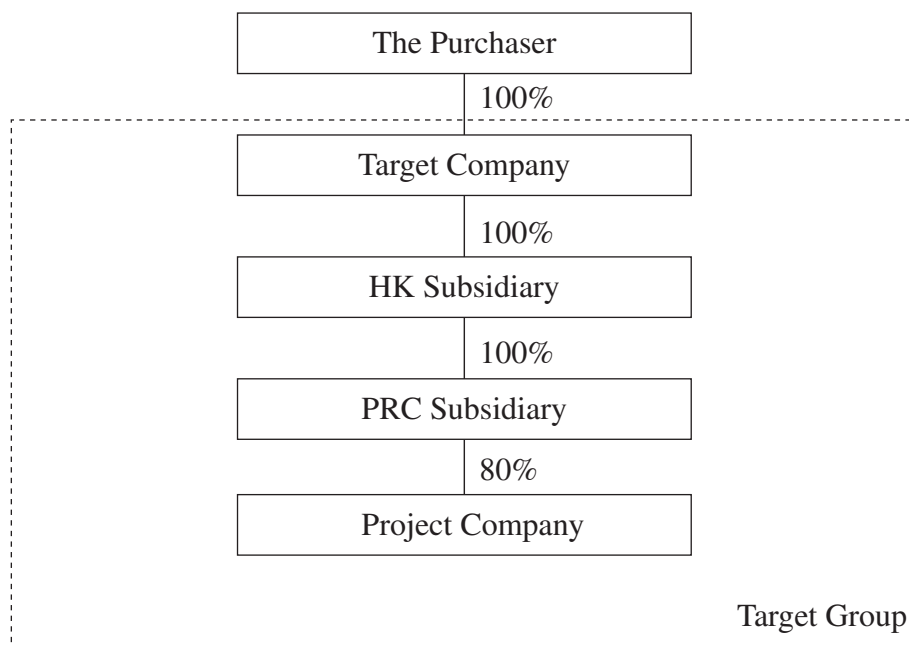
INFORMATION ON THE TARGET GROUP

The following diagram illustrates the shareholding structures of the Target Group (i) as at the date of this announcement and (ii) immediately after the Completion:

Shareholding structure of the Target Group as at the date of this announcement



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 BVI on 20 December 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 31 October 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 16 December 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.

(iv) The Project Company

The Project Company is a limited liability company incorporated in the PRC on 11 April 2014, with a paid up capital of RMB1,000,000. As advised by the Vendor, the Project Company held the mining rights to a limestone mine in Guizhou Province (the “Mine”) and which is under production.

It is expected that Completion will take place on or before the Long Stop Date, upon which the Target Company will be interested in 80% of the Project Company through the HK Subsidiary and the WOFE.

(v) The Mine

The Mine is located at Dejiang County, Tongren City, Guizhou Province (貴州省銅仁市德江縣). The Mining License was granted by the Dejiang County Government in Guizhou Province to the Project Company with an area of mine field of approximately 0.252 square kilometers, which will be expired on 1 January 2019. As advised by the Vendor, the Mining License will be renewed or obtained before the expiry date.

According to the Valuation Report, the limestone resources and minable reserves of the Mine are approximately 182,900 m³ and 132,800 m³ respectively and has an approved production capacity of approximately 9,000 m³ of blocks per year.

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 30 November 2016:

	For the period from 1 January 2016 to 30 November 2016 RMB'000 (unaudited)	For the year ended 31 December 2015 RMB'000 (audited)
Revenue	858	353
Loss before tax	(39)	(12)
Loss after tax	(39)	(12)

REASONS AND BENEFITS OF FOR THE ACQUISITION

The Company is an investment holding company. The principal activities of the Group include (i) mining, processing, trading and sales of marble stones and (ii) 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 Mine contains high-quality of mineral resources and (ii) its mining right is 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 product source of the Group and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

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 Share by the Purchaser pursuant to the Agreement
“Agreement”	the conditional sale and purchase agreement dated 29 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”	RMB240,000,000 (equivalent to approximately HK\$267,857,000)
“Director(s)”	the director(s) of the Company
“Financial Adviser”	Euto Capital Partners Limited, the financial adviser of the Company
“Group”	the Company and its subsidiaries
“HK Subsidiary”	Chancellor International Investment 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 Listing Rules) or their respective associates
“Independent Valuer”	四川省地平綫礦產資源有限公司, an asset appraisal institution established in 2001 in the PRC and registered under the Chinese Association of Mineral Resources Appraisers
“Last Trading Day”	29 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 Mine
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan

“Project Company”	貴州德江三鑫石材有限公司, a company established in the PRC with limited liability and is wholly-owned 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”	Chancellor Investment Limited, a company incorporated in the BVI with limited liability
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Dong Zhichao
“WOFE”	旻舉(上海)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, 29 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.