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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 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

The Board announces that on 30 December 2016 (after trading hours), the Company and the Vendor entered into the MOU, pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to purchase the Sale Share(s), representing 24.5% of the entire issued share capital of the Target Company.

As advised by the Vendor, the Target Group mainly provides iron ore mining, magnetic separation and tailings rare earth related services.

**The possible Acquisition is subject to, among others, further negotiation concerning the entering into of a Formal Agreement. At present stage, the terms and conditions of the Formal Agreement are yet to be finalized and agreed between the Company and the Vendor. As such, the possible Acquisition may or may not proceed. Further announcement(s) in respect of the possible Acquisition shall be made by the Company in the event that any Formal Agreement has been entered into.**

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 30 December 2016 (after trading hours), the Company and the Vendor entered into the MOU, pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to purchase the Sale Share(s), representing 24.5% of the entire issued share capital of the Target Company. Details of the MOU are set out below.

Date: 30 December 2016

Parties: (i) the Company; and  
(ii) the Vendor.

The Vendor is a company incorporated in the PRC. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

## **Assets to be acquired**

Subject to the parties entering into the Formal Agreement, the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire the Sale Share(s), representing 24.5% of the entire issued share capital of the Target Company. For details of the Target Group, please refer to the section headed “**INFORMATION ON THE TARGET GROUP**”.

## **Deposit**

Pursuant to the MOU, the Company shall pay the Vendor the Deposit in the amount of RMB50,000,000, which shall be paid within seven (7) business days upon the signing of the MOU.

In the event that the Formal Agreement is entered into between the Vendor and the Company, the Deposit shall be applied as partial payment of the consideration for the possible Acquisition in accordance with the terms to be agreed in the Formal Agreement.

## **Consideration**

The Company and the Vendor shall negotiate on the amount and payment terms of the consideration for the possible Acquisition, which will be stated in the Formal Agreement.

## **Exclusive period**

The Vendor agreed that it will not and will procure that the Target Group and its directors, officers, employees, representatives and agents not to, directly or indirectly, for a period of three (3) months from the date of the MOU, (i) solicit, initiate or encourage enquiries or offers from; or (ii) initiate or continue negotiations or discussions with or furnish any information to; or (iii) enter into any agreement or statement of intent or understanding with, any person or entity other than the Company with respect to the sale or other disposition of the equity interest in or the sale, subscription, or allotment of any part thereof or any other shares of the Target Company. Should the Target Group (and each of its existing shareholders) or the Vendor receive any respective inquiries or invitation, the Company would be informed immediately.

## **Due diligence**

The Company shall conduct due diligence in respect of the possible Acquisition and the Vendor shall undertake to assist and procure the Target Group to assist in ensuring smooth proceeding of the due diligence within the Exclusivity Period.

## **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 ON THE TARGET GROUP**

As advised by the Vendor, the Target Group mainly provides iron ore mining, magnetic separation and tailings rare earth related services.

### **(i) The Target Company**

The Target Company is a limited liability company incorporated in the PRC on 23 June 2016. As advised by the Vendor, the principal business of the Target Company is investment holding.

### **(ii) Target Subsidiary A**

The Target Subsidiary A is a limited liability company incorporated in the PRC on 23 April 2013 and is directly wholly owned by the Target Company. As advised by the Vendor, the principal business of the Target Subsidiary A is engaged in iron mine investment and related mining activities.

### **(iii) Target Subsidiary B**

The Target Subsidiary B is a limited liability company incorporated in the PRC on 6 March 2013 and is directly wholly owned by the Target Company. As advised by the Vendor, the principal business of the Target Subsidiary B is engaged in magnetic separation and tailings rare earth related services.

### **REASONS AND BENEFITS FOR ENTERING INTO THE MOU**

The Company is an investment holding company, the Group mainly engages in (i) mining, processing, trading and sales of marble stones and (ii) trading of commodities. The Group considers that the iron ore price records serious downward adjustment for the last few years, and it is a relatively attractive for the Group to explore investment in the iron ore mining and magnetic separation and tailings rare earth related services. Through the execution of this MOU, the Group will carefully review this opportunity and seek to diversify its income source from other mining related operations.

The Board has been actively exploring other business opportunities in order to diversify the existing business of the Group. 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.

The terms of the MOU were arrived at after arm's length negotiations between the Company and the Vendor and the payment of Deposit will be funded by the internal resources of the Group. The Directors consider that the transaction contemplated by the MOU are on normal commercial terms and the terms of the MOU are fair and reasonable and in the interest of the Company and its shareholders as a whole.

**The possible Acquisition is subject to, among others, further negotiation concerning the entering into of a Formal Agreement. At present stage, the terms and conditions of the Formal Agreement are yet to be finalized and agreed between the Company and the Vendor. As such, the possible Acquisition may or may not proceed. Further announcement(s) in respect of the possible Acquisition shall be made by the Company in the event that any Formal Agreement has been entered into.**

## DEFINITIONS

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

“Acquisition”	the acquisition of 24.5% equity interest of the Target Company by the Company from the Vendor
“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
“Deposit”	a refundable deposit of RMB50,000,000 payable by the Company to the Vendor with respect to the possible Acquisition
“Director(s)”	the director(s) of the Company
“Exclusive Period”	three months after the date of the MOU
“Formal Agreement”	the formal sale and purchase agreement which may or may not be entered into in relation to the possible Acquisition
“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
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executives, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“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 30 December 2016 entered into by the Company and the Vendor setting out the preliminary understanding for the possible Acquisition
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share(s)”	24.5% of the entire issued share capital of the Target Company legally and beneficially owned by the Vendor
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	江蘇乾晟達科技有限公司, a limited liability company which incorporated in the PRC
“Target Group”	Target Company, Target Subsidiary A and Target Subsidiary B
“Target Subsidiary A”	江蘇浩弘能源實業有限公司, a limited liability company which incorporated in the PRC and is directly wholly owned by the Target Company
“Target Subsidiary B”	江蘇永超磁性材料有限公司, a limited liability company which incorporated in the PRC and is directly wholly owned by the Target Company

“Vendor” 江蘇遠輝科技有限公司, a limited liability company which incorporated in the PRC

“%” per cent.

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

Hong Kong, 30 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.*