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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)

SUPPLEMENTAL AGREEMENT IN RELATION TO THE DISCLOSEABLE TRANSACTION

Financial Adviser



Euto Capital Partners Limited

Reference is made to the announcements of the Company dated 3 February 2016, 18 February 2016 and 21 March 2016 in relation to the Acquisition. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board would like to announce that on 30 December 2016, the Purchaser (a wholly-owned subsidiary of the Company), the Company and the Vendor entered into a Supplemental Agreement, pursuant to which the parties to it have agreed to supplement certain terms of the Agreement.

INTRODUCTION

Reference is made to the announcements of the Company dated 3 February 2016, 18 February 2016 and 21 March 2016 in relation to the Acquisition (the “**Announcements**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

BACKGROUND

The Company has completed the Acquisition of the Sale Share (represents the entire equity interest of the Target Company) and the Sale Loan on 21 March 2016, at the Consideration of RMB245,000,000 (equivalent to approximately HK\$294,000,000). The Consideration was satisfied by the allotment and issuance of 260,000,000 Shares under the General Mandate.

The principal assets of the Target Company were the Properties, being five commercial units located in Shanghai, the PRC. By acquiring the Target Company and holding the Properties, the Group is targeted to generate a promising rental return. Upon expiry or termination of its existed lease, whichever occurs earlier, the Company intended to use the Properties as the headquarters of the Group and the exhibition store of marble stones.

Subsequent to the Completion, the Directors carried a post acquisition review on the Target Company. During the post acquisition review, the Board noticed the Properties are still occupied by the tenants and unable to vacant for the Company's operational use. Hence, the valuation of the Properties held by the Target Company (the "**Original Valuation**"), which was based on market approach in determination of the Consideration, has been over-valued. The Directors are of a view that the valuation should be based on income approach instead.

In view of the aforesaid, the parties to the Agreement entered into the Supplemental Agreement on 30 December 2016 to supplement certain terms under the Agreement in respect of the Acquisition.

THE SUPPLEMENTAL AGREEMENT

On 30 December 2016, the Supplemental Agreement was entered into between the parties thereto. The principal terms of the Supplemental Agreement are set out below.

- (a) The Adjustment Amount (as defined below) for the Supplemental Agreement was determined after arm's length negotiations between the parties with reference to the valuation, which was prepared by Sichuan Guorui Real Estate Appraisal Company Limited*, an independent valuer on 30 November 2016, such Valuation had adopted an income approach in evaluating the Properties held by the Target Company as at 25 January 2016 with an opinion of approximately RMB101.79 million (the "**Reassessed Valuation**").
- (b) The Consideration is to be adjusted downward by RMB117.04 million (equivalent to approximately HK\$140.45 million) (the "**Adjustment Amount**"), being the difference between the fair value of the Consideration as at Completion of approximately RMB218.83million (equivalent to approximately HK\$262.60 million) and the Reassessed Valuation. As such, the Vendor will be obliged to pay the Adjustment Amount in cash or cash equivalents to the Purchaser.
- (c) The Adjustment Amount shall be paid and settled within 1 year after receiving a written notice from the Purchaser in accordance with the Supplemental Agreement.

Save for the supplements provided in the Supplemental Agreement, all other terms of the Agreement remain in full force and effect.

The Directors consider that the terms and conditions of the Supplemental Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

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

“1st Valuer”	Jiangsu Tiansheng Real Estate Appraisal Company Limited* (江蘇天聖房地產土地造價評估有限公司), an independent professional valuer
“2nd Valuer”	Sichuan Guorui Real Estate Appraisal Company Limited* (四川國瑞房地產評估有限公司), an independent professional valuer
“Acquisition”	the acquisition of the Sale Share and Sale Loan by the Purchaser from the Vendor pursuant to the terms of the Agreement
“Adjustment Amount”	the amount payable for the downward adjustment of the Consideration by the Vendor to the Purchaser pursuant to the Supplemental Agreement, the amount of which is RMB117.04 million (equivalent to approximately HK\$140.45 million)
“Agreement”	the equity transfer agreement dated 3 February 2016 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Board”	the board of Directors
“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”	the completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Consideration”	the total consideration for the Acquisition
“Director(s)”	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
“Original Valuation”	the valuation of the Properties held by the Target Company as at 25 January 2016 under the market approach prepared by the 1st Valuer

“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Properties”	five commercial units with a total area of 2,431.18 sq.m. situated in Shanghai, the PRC
“Purchaser”	Huijin Stone (Xiamen) Co., Ltd* (匯金石(廈門)有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Reassessed Valuation”	the valuation performed by the 2nd Valuer on 30 November 2016 by adopting an income approach in evaluating for the Properties held by the Target Company as at 25 January 2016
“RMB”	renminbi, the lawful currency of the PRC
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor as at the date of the Agreement in the amount of approximately RMB71.59 million
“Sale Share”	the entire equity interests of the Target Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	The supplemental agreement to the Agreement dated 30 December 2016 entered into amongst the Purchaser, the Company and the Vendor in respect of the Acquisition
“Target Company”	Shanghai Yunyi Enterprise Management Company Limited* (上海韻義企業管理有限公司), a company incorporated in the PRC with limited liability
“Vendor”	Mr. Wang Jiangze

For illustration purposes only and unless otherwise stated, all amounts denominated in RMB in this announcement has been translated into HK\$ at the exchange rate of RMB1 = HK\$1.20.

By Order of the Board
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.

** 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*