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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 19 January 2017 (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 part of or the entire issued share capital of the Target Company.

As advised by the Vendor, the Target Company holds a mining right to a limestone mine in Xianggelila City in Yunnan Province as at the date of this announcement.

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 19 January 2017 (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 part of or the entire issued share capital of the Target Company. Details of the MOU are set out below.

Date: 19 January 2017

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 purchase part of or the entire issued share capital of the Target Company. For details of the Target Company, please refer to the section headed "INFORMATION ON THE TARGET COMPANY".

## **Consideration**

The consideration for the possible Acquisition will be subject to further negotiation between the parties to the MOU and is expected to be satisfied by the Company by way of allotment and issue of new Shares or convertible bonds carrying rights to convert into new Shares or a combination of the above, or by any other kind of consideration (including cash). To the extent that the whole or any part of the consideration for the possible Acquisition payable by the Company comprises any new Shares or convertible bonds carrying rights to convert into new Shares or any other kind of equity or equity linked securities to be issued by the Company, the issue price of and/or the initial conversion price for new Shares shall be HK\$0.614 per Share, representing a discount of 12% to the average of the closing price of HK\$0.698 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the MOU.

## **Exclusivity period**

The Vendor agreed that it will not and will procure that the Target Company 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 Company (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 Company to assist in ensuring smooth proceeding of the due diligence within the Exclusivity Period.

### **Legal effect**

Save for those provisions relating to the issue price/conversion price for the securities to be issued by the Company, the exclusivity, confidentiality, the governing law and jurisdiction, the provisions of the MOU does not have any legal effect.

### **INFORMATION ON THE TARGET COMPANY**

As advised by the Vendor, the Target Company is a limited liability company incorporated in the PRC on 8 August 2007 and it holds a mining right to a limestone mine in Xianggelila City in Yunnan Province as at the date of this announcement.

### **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 limestone and (ii) trading of commodities.

Upon completion of the acquisition of the entire issued share capital of Chancellor Investment Holding Limited and the acquisition of the entire issued share capital of Evoke Investment Limited, both in December 2016, the Group has commenced its business in the mining, processing, trading and sales of limestones.

Through the execution of this MOU, the Group is able to carefully review another opportunity to acquire the mining right of another limestone mine. The possible Acquisition may enable the Group to further develop its current mining business of limestones and to enhance its pricing power and competitiveness in this 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.

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 the entire 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
“Director(s)”	the director(s) of the Company
“Exclusive Period”	the exclusivity period of three months from 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 19 January 2017 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
“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”	香格里拉市泉石石材有限責任公司, a limited liability company which incorporated in the PRC
“Vendor”	上海帛儒貿易有限公司, a limited liability company which incorporated in the PRC
“%”	per cent

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

Hong Kong, 19 January 2017

*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.*