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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 THE ENTIRE ISSUED SHARE CAPITAL OF
SHINY GOAL HOLDINGS LIMITED
INVOLVING ISSUE OF
CONSIDERATION SHARES UNDER GENERAL MANDATE**

Financial Adviser



Euto Capital Partners Limited

THE ACQUISITION

The Board is pleased to announce that on 8 September 2017 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, the Vendor and the Target Company 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 RMB110,000,000 (equivalent to approximately HK\$134,969,000), which shall be settled by the allotment and issuance of 175,740,885 Consideration Shares under General Mandate at the Issue Price of HK\$0.77 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 financial statements of the Company.

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 Completion is subject to the fulfilment or waiver (as the case may be) of certain conditions precedent as set out in the Agreement. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company

THE ACQUISITION

On 8 September 2017 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, the Vendor and the Target Company 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 RMB110,000,000 (equivalent to approximately HK\$134,969,000).

The principal terms of the Agreement are summarized as follows:

Date

8 September 2017 (after trading hours)

Parties

- (i) the Purchaser;
- (ii) the Vendor; and
- (iii) the Target Company.

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 Target Group is undergoing Reorganisation of structure to proceed the Acquisition. Completion of the Reorganisation is one of the conditions precedent of the Agreement. (Relevant details are disclosed in the section headed "Information about the Target Group" below.)

Consideration

The Consideration of the Sale Shares is RMB110,000,000 (equivalent to approximately HK\$134,969,000), which shall be satisfied by the Company by the allotment and the issuance of the Consideration Shares at the Issue Price by the Company to the Vendor within 7 days after the Completion.

Consideration Shares

The Consideration Shares to be allotted and issued represent (i) approximately 8.49% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 7.82% 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 at the Issue Price, which represents:

- (a) a discount of approximately 18.9% to the closing price of HK\$0.95 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (b) a discount of approximately 19.8% to the average closing price of HK\$0.96 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

Basis of the Consideration

The Issue Price and 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 a preliminary valuation of the fair value of the Target Company as at 31 July 2017 of approximately RMB110,000,000 (equivalent to approximately HK\$134,969,000) performed by Colliers International (Hong Kong) Limited (the "Valuer"), an independent professional valuer. In arriving at the valuation, the Valuer has adopted the adjusted net asset value method under the asset-based approach.

Conditions precedent

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 Reorganisation having been completed to the satisfaction of the Purchaser;
- (b) the representations and warranties in the Agreement given by the Target Company and the Vendor remain true and accurate as at the dates of the Agreement and the Completion;
- (c) the Purchaser has performed or complied with its undertakings or agreements in all material aspects to be performed or complied with before the Completion under the Agreement;

- (d) the Target Group maintains usual operations with no events occurred in the aspects including but not limited to relevant national policies, business operation, financial conditions, management and personnel which may cause material impact to the valuation of the Target Group as a whole;
- (e) the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Consideration Shares on the Stock Exchange;
- (f) 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**”);
- (g) 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; 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).

If the above conditions have not been fulfilled by the Vendor (or waived by the Purchaser, except for conditions (c), (e) and (h), which are not waivable) on or before the Long Stop Date, the Agreement shall lapse and thereafter neither party shall be bound to proceed with the sale and purchase of the Sale Shares. No party shall be liable to the terms of the Agreement, save for any antecedent breaches of the terms of the Agreement.

Completion

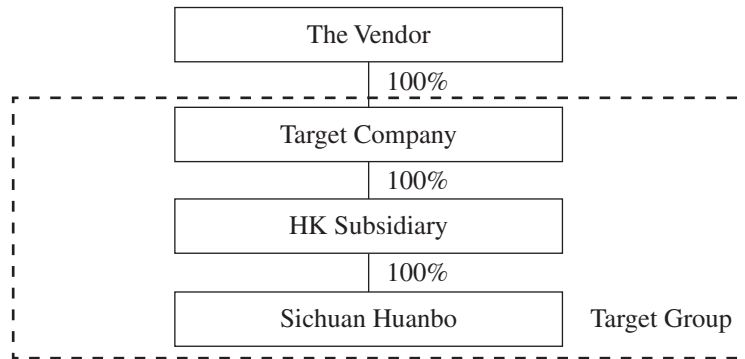
The Completion shall take place no later than Long Stop Date or such other day as the parties to the Agreement may mutually agree in writing.

Upon Completion, the Target Company will become an indirect wholly owned subsidiary of the Company.

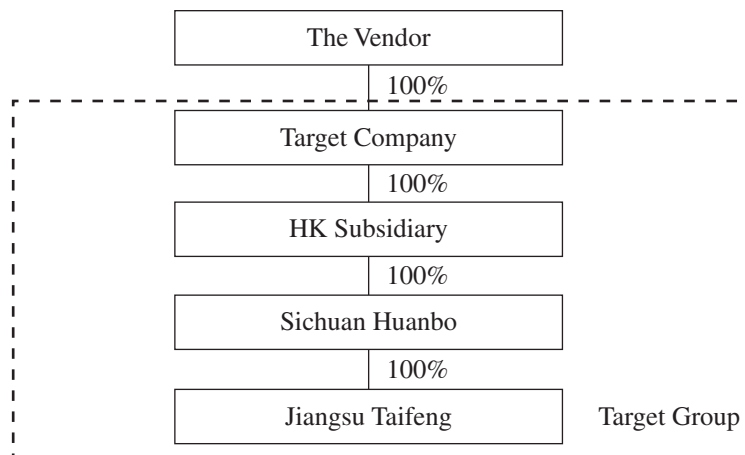
INFORMATION ABOUT THE TARGET GROUP

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

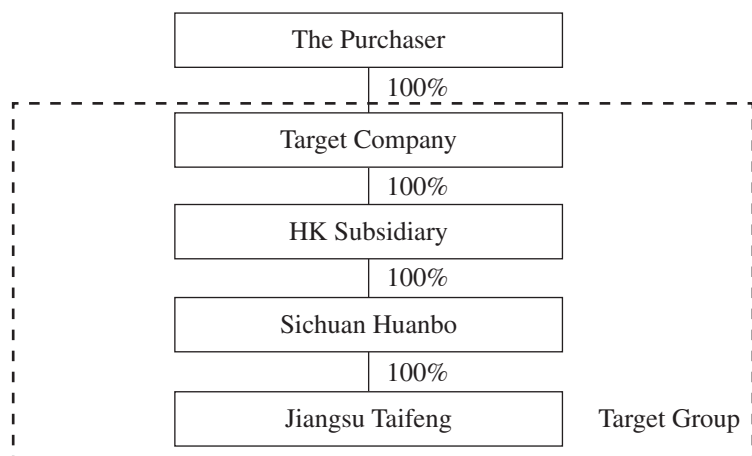
Shareholding structure of the Target Group as at the date of this announcement



Shareholding structure of the Target Group immediately after Reorganisation 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 BVI on 6 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 9 December 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) *Sichuan Huanbo*

Sichuan Huanbo is a limited liability company established in the PRC on 4 July 2017. As advised by the Vendor, the principal business of Sichuan Huanbo is investment holding. As at the date of this announcement, Sichuan Huanbo is directly wholly-owned by the HK Subsidiary.

(iv) *Jiangsu Taifeng*

Jiangsu Taifeng is a limited liability company established in the PRC on 3 June 2011. As advised by the Vendor, the Jiangsu Taifeng is principally engaged in the business of cargo handling, warehousing, and logistics, and sale of mineral products. As at the date of this announcement, the Jiangsu Taifeng is directly wholly-owned by two individuals who are Independent Third Parties.

Upon completion of the Reorganisation, Jiangsu Taifeng will be wholly-owned by Sichuan Huanbo.

Financial information of the Target Group

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

Set out below are the financial information of the Jiangsu Taifeng, as extracted from its management accounts for the two years ended 31 December 2016 and for the 7 months ended 31 July 2017:

	For the year ended 31 December		For the 7 months ended 31 July
	2015	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)
Revenue	19,098	112,447	5,680
(Loss)/profit before tax	(2,615)	1,793	637
(Loss)/profit after tax	(2,615)	1,793	637

The unaudited net assets value of the Jiangsu Taifeng as at 31 July 2017 was approximately RMB75,246,000.

REASONS AND BENEFITS OF FOR THE ACQUISITION

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.

As stated in the interim result announcement of the Company dated 29 August 2017, the Company will further expand its modern logistics, material processing (including processing of marble stones) and supply chain finance business for development of commodity trading for enhanced profitability. The Board considers that after Completion, while the Target Group will provide storage and logistics services for development of the Group's upstream, midstream and downstream business, the businesses of the Group and the Target Group will also create synergies, enhancing operating efficiency and reducing operating costs.

In addition, the Board expects that the Acquisition will enable the Group to expand its business portfolio, diversify its income source and possibly enhance its financial performance. Therefore, the Board considers that the terms of the Acquisition under the Agreement are fair and reasonable and in the interests of the Shareholders and the Group 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:

Shareholders	(i) As at the date of this announcement		(ii) Immediately following the Completion and the allotment and issuance of the Consideration Shares	
	<i>Number of Shares</i>	<i>Approximately %</i>	<i>Number of Shares</i>	<i>Approximately %</i>
Wu Jing	476,332,840	23.00	476,332,840	21.20
China Marble Investment Holdings Limited	231,872,452	11.20	231,872,452	10.32
Gu Zhenguo	189,333,000	9.14	189,333,000	8.43
Xu Kefu	171,976,160	8.31	171,976,160	7.66
Tong Sui Lun Franco	158,000,000	7.63	158,000,000	7.03
Sun Haocheng	140,678,000	6.80	140,678,000	6.26
China First Capital Group Limited	126,096,000	6.09	126,096,000	5.61
Zhang Tao	108,000,000	5.21	108,000,000	4.82
The Vendor	—	—	175,740,885	7.82
Other public shareholders	<u>468,345,548</u>	<u>22.62</u>	<u>468,345,548</u>	<u>20.85</u>
Total	<u>2,070,634,000</u>	<u>100.00</u>	<u>2,246,374,885</u>	<u>100.00</u>

THE GENERAL MANDATE

The Consideration Shares will be issued pursuant to the General Mandate. The Directors were authorised to allot and issue up to 382,266,800 new Shares pursuant to the General Mandate. Up to the date of this announcement, the Company has issued 159,300,000 Shares under the General Mandate, leaving the balance of the General Mandate of 222,966,800 Shares. Accordingly, the issue of the Consideration Shares is within the limit of the General Mandate and is not subject to any approval by the Shareholders.

APPLICATION FOR LISTING

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Consideration Shares. The Consideration Shares, when allotted and issued upon the Completion, will rank *pari passu* in all respects with the existing Shares in issue.

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 Completion is subject to the fulfilment or waiver (as the case may be) of certain conditions precedent as set out in the Agreement. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser pursuant to the Agreement
“Agreement”	the conditional sale and purchase agreement dated 8 September 2017 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 Shares of which are listed on the Stock Exchange (Stock Code: 3313)
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Agreement
“Completion Date”	date of Completion as the parties to the Agreement may agree
“Connected Person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	RMB110,000,000 (equivalent to approximately HK\$134,969,000)
“Consideration Share(s)”	the 175,740,885 new Shares to be allotted and issued by the Company to the Vendor at the Issue Price, credited a fully paid, for the purpose of settling the Consideration
“Director(s)”	director(s) 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 23 May 2017 to issue and allot up to 382,266,800 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”	Takeaway Investment Limited, a company incorporated in Hong Kong with limited liability for investment holding purpose 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
“Issue Price”	HK\$0.77, being the issue price per Consideration Share
“Jiangsu Taifeng”	江蘇泰豐物流有限公司, a limited company established in the PRC and wholly-owned by two individuals who are Independent Third Parties
“Last Trading Day”	7 September 2017, 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 December 2017 or such other date as the parties to the Agreement may agree
“Main Board”	Main Board of the Stock Exchange
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan
“Purchaser”	ArtGo Investment Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Reorganisation”	the reorganization of the Target Group comprise Sichuan Huanbo purchase the entire issued shares of Jiangsu Taifeng from its existing shareholders

“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)”	the holder(s) of the Share(s)
“Sichuan Huanbo”	四川奧博貿易有限公司, a wholly owned foreign enterprise established in the PRC and is wholly-owned by the HK Subsidiary
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shiny Goal Holdings Limited, a company incorporated in the BVI with limited liability
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Mr. Liu Xunyan (劉訓炎)
“%”	per cent

In this announcement, amounts quoted in RMB have been converted into HK\$ at the rate of HK\$1.00 to RMB0.815. 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
Artgo Holdings Limited
Wu Jing
Chairman and Executive Director

Hong Kong, 8 September 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 Ms. Zhang Xiaohan, Ms. Lung Yuet Kwan 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*