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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 VIGOROSO HOLDINGS LIMITED INVOLVING THE ISSUE OF NEW SHARES UNDER GENERAL MANDATE

THE ACQUISITION

The Board is pleased to announce that on 29 August 2018 (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 Shares, representing the entire issued share capital of the Target Company, at the Consideration of RMB191,000,000 (equivalent to approximately HK\$219,540,000). The Consideration shall be satisfied by a combination of cash in the sum of RMB11,431,800 (equivalent to approximately HK\$13,140,000) and the allotment and issuance of 458,666,666 Consideration Shares under General Mandate at the Issue Price of HK\$0.45 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 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 of 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 August 2018 (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 Shares, representing the entire issued share capital of the Target Company, at the Consideration of RMB191,000,000 (equivalent to approximately HK\$219,540,000).

The principal terms of the Agreement are summarized as follows:

Date

29 August 2018 (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 Shares, representing the entire issued share capital of the Target Company.

Consideration

The consideration for the Sale Shares is RMB191,000,000 (equivalent to approximately HK\$219,540,000), which shall be satisfied by the Purchaser in the following manner:

- (i) an amount of RMB11,431,800 (equivalent to approximately HK\$13,140,000) shall be payable by the Purchaser in cash by way of transfer into the bank account as designated by the Vendor within 6 months from the date of signing of the Agreement; and
- (ii) the remaining balance of RMB179,568,200 (equivalent to approximately HK\$206,400,000) shall be satisfied by way of the allotment and issuance of the Consideration Shares within 7 Business Days 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 estimated limestone resources value of the Mine as of 30 June 2018 assessed by the Independent Valuer of approximately RMB298,873,200 and the financial position of the Project Company.

Consideration Shares

The Consideration Shares represent (i) approximately 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% 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 under the General Mandate.

The Consideration Shares to be allotted and issued upon Completion shall be credited as fully paid and rank pari passu with all the Shares in issue. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Consideration Shares will be allotted and issued at the Issue Price, which represents:

- (a) a premium of approximately 12.50% over the closing price of HK\$0.400 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (b) a premium of approximately 11.66% over the average closing price of HK\$0.403 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

The Issue Price was determined after arm's length negotiations between the Company and the Vendor, with reference to the prevailing market performance of the Shares at date of signing of the Agreement. The Directors consider that the Issue Price is fair and reasonable and the allotment of the Consideration Shares is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

- (i) Pursuant to the Agreement, 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 limestone resources value of the Mine, and being reasonably satisfied with the report of the valuation;
 - (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 being no breach of any of the representations, warranties and undertakings given under the Agreement prior to the Completion;
 - (e) there being no material breach of any of the terms and conditions set out in the Agreement prior to the Completion;
 - (f) the Stock Exchange having granted the approval for the listing of, and the permission to deal in, the Consideration Shares; and
 - (g) all necessary relevant approvals and consents (including approvals of the relevant governmental and regulatory authorities) if any, in relation to the Agreement and the transactions contemplated therein having been obtained by the Vendor.
- (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) and (g) 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. 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

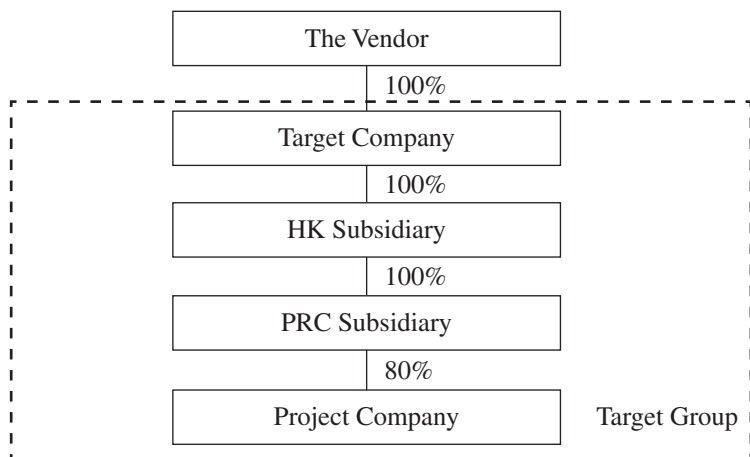
The Completion shall take place no later than the Long Stop Date after the conditions precedent to the Agreement having been fulfilled (or waived), or such other day as the parties to the Agreement may mutually agree in writing.

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.

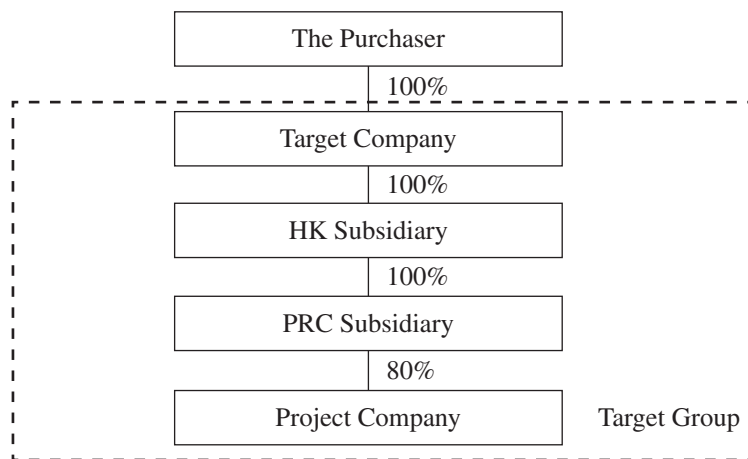
INFORMATION ON THE TARGET GROUP

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 10 January 2017. 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 23 January 2017. 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 PRC Subsidiary

The PRC Subsidiary is a limited liability company incorporated in the PRC on 8 March 2017. As advised by the Vendor, the PRC Subsidiary is principally engaged in (i) sale of goods including metal, coal, building material, stone and chemical products etc. and (ii) corporate advisory and related services in the PRC. As at the date of this announcement, the PRC Subsidiary 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 20 December 2012, with a registered capital of RMB12,000,000. As advised by the Vendor, the Project Company holds a mining right of the Mine which is currently under production.

(v) The Mine

The Mine is located at Shaxi Township, Lichuan City, Hubei Province (湖北省利川市沙溪鄉) with mining area covering 1.4565 square kilometers. The Mining License held by the Project Company for the mining of limestone was granted by the Land and Resources Bureau of Lichuan City* (利川市國土資源局) (the “Bureau”) in Hubei Province, the PRC and was valid for a period of five years between 21 August 2013 and 21 August 2018. According to the certificate issued by the Bureau, the Project Company is entitled to renew the Mining License for another ten years in aggregate and it is in the course of applying such renewal.

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 unaudited management accounts for the year ended 31 December 2017 and for the period from 1 January 2018 to 31 July 2018:

	For the period from 1 January 2018 to 31 July 2018 RMB'000 (unaudited)	For the year ended 31 December 2017 RMB'000 (unaudited)
Revenue	—	115
Loss before tax	5,884	5,675
Loss after tax	5,884	5,675

As at 31 July 2018, the unaudited net liabilities of the Project Company was RMB\$13,556,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and the Group was principally engaged in the business of mining, processing, trading and sale of marble stones and trading of commodities.

The Group has been implementing business strategies to expand its business through broadening its product range and services to meet the market needs. To achieve such strategy, it has been continuously sourcing mines with limestone resources from which high-quality unique pattern and colored limestone could be produced. As advised by the Vendor, the stone produced from the Mine has unique wooden grains bearing Oracle-like patterns. The Board considers that the Acquisition enables the Group to further enlarge the variety of stone product in its existing fleet and to enhance its 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.

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	As at the date of this announcement		Immediately following the Completion and the allotment and issuance of the Consideration Shares	
	Shares	Approximately %	Shares	Approximately %
Wu Jing (<i>Note</i>)	536,832,840	23.41	536,832,840	19.51
China Marble Investment Holdings Limited	229,169,452	9.99	229,169,452	8.33
Shanghai Jihua Logistics Limited* (上海際華物流有限公司)	190,000,000	8.28	190,000,000	6.90
Qin Yin	168,692,160	7.36	168,692,160	6.13
Sun Haocheng	140,678,000	6.13	140,678,000	5.11
China First Capital Group Limited	126,096,000	5.50	126,096,000	4.58
Vendor	—	—	458,666,666	16.67
Other public Shareholders	901,906,433	39.33	901,906,433	32.77
Total	<u>2,293,374,885</u>	<u>100.00</u>	<u>2,752,041,551</u>	<u>100.00</u>

Note: Wu Jing is an executive Director

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 of 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 Shares by the Purchaser pursuant to the Agreement
“Agreement”	the conditional sale and purchase agreement dated 29 August 2018 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
“Connected Person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	RMB191,000,000 (equivalent to approximately HK\$219,540,000), being the total consideration for the Acquisition
“Consideration Share(s)”	the 458,666,666 new Shares to be allotted and issued to the Vendor at the Issue Price, credited as fully paid, for the purpose of settling the Consideration

“Director(s)”	the 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 14 June 2018 to issue and allot up to 458,674,977 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”	Vigoro Investment (HK) 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”	四川省地平線礦產資源諮詢有限責任公司, an asset appraisal institution established in 2001 in the PRC and accredited by the Ministry of Land and Resources of the People’s Republic of China (currently known as the Ministry of Natural Resources of the People’s Republic of China) as a qualified appraiser of mine exploration and exploitation rights
“Issue Price”	HK\$0.45, being the issue price per Consideration Share
“Last Trading Day”	29 August 2018, being the last trading day of the Shares on the Stock Exchange immediately before entering into the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 October 2018
“Main Board”	Main Board of the Stock Exchange
“Mine”	the limestone mine in Lichuan City, Hubei Province
“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
“PRC Subsidiary”	重慶寶珣國際貿易有限公司, a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the HK Subsidiary
“Project Company”	利川市荷花建材有限公司, a company established in the PRC with limited liability and is owned as to 80% 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”	Vigoroso Holdings Limited, a company incorporated in the BVI with limited liability
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Chen Yuhong
“%”	per cent

In this announcement, amounts quoted in RMB have been converted into HK\$ at the rate of HK\$1.00 to RMB0.87. 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 August 2018

As at the date of this announcement, the Board of Directors of the Company comprises four executive Directors namely Mr. Gu Weiwen, Mr. Zhang Jian, Ms. Wu Jing and Dr. Leung Ka Kit; one non-executive Director namely Mr. Gu Zengcai; and three independent non-executive Directors namely Ms. Lung Yuet Kwan, Ms. Zhang Xiaohan 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 names prevail.*