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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)

SHARE TRANSACTION IN RELATION TO THE ACQUISITION OF PROPERTY INVOLVING THE ISSUE OF NEW SHARES UNDER GENERAL MANDATE

THE ACQUISITION

The Board is pleased to announce that on 10 June 2019 (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 acquire the Sale Share from the Vendor and to accept the assignment of the Sale Loan from the Vendor at an aggregate consideration of RMB85,000,000 (equivalent to approximately HK\$96,590,909).

The Sale Share represents the entire issued share capital of the Target Company as at the date of this announcement and the Sale Loan represents all outstanding loan(s) owing by the Target Company to the Vendor as at the date of this announcement.

LISTING RULE IMPLICATIONS

All the applicable percentage ratios in respect of the Acquisition are less than 5%. However, as the Consideration will be satisfied by the allotment and issuance of the Consideration Shares, the Acquisition constitutes a share transaction and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion of the Acquisition is subject to fulfillment of the conditions precedent set out in the Agreement, and the Acquisition may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

Reference is made to the announcement of the Company dated 3 June 2019 in respect of, among others, the memorandum of understanding (the “**MOU**”) dated 3 June 2019 entered into between the Company and the Vendor relating to the Acquisition.

On 10 June 2019 (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 acquire the Sale Share from the Vendor and to accept the assignment of the Sale Loan from the Vendor. A summary of the key terms of the Agreement are set out below.

THE AGREEMENT

Date: 10 June 2019

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

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire the Sale Share from the Vendor and to accept the assignment of the Sale Loan from the Vendor.

The Sale Share represents the entire issued share capital of the Target Company as at the date of this announcement and the Sale Loan represents all outstanding loan(s) owing by the Target Company to the Vendor as at the date of this announcement.

The Target Company is wholly owned by the Vendor and owns the entire interest in the Target Property.

Consideration

Pursuant to the Agreement, the Consideration shall be RMB85,000,000 (equivalent to approximately HK\$96,590,909), comprising of RMB68,981,814 (equivalent to approximately HK\$78,388,425) for the Sale Share and RMB16,018,186 (equivalent to approximately HK\$18,202,484) for the Sale Loan.

Pursuant to the Agreement, the Consideration shall be paid by the Company to the Vendor by way of the allotment and issuance of the Consideration Shares at the Issue Price of HK\$0.81 per Share, being 119,248,035 new Shares.

In the event where the Aggregate Amount (as defined below) is lower than the Consideration, the Consideration is subject to completion adjustment by the difference in

- (i) the aggregate amount (the “**Aggregate Amount**”) of (a) the results on the valuation (the “**Valuation**”) in respect of the fair value of the entire equity interest in the Target Company as at 31 May 2019 and (b) the Sale Loan; and
- (ii) the Consideration.

Basis of the Consideration

The Consideration was arrived at after arm’s length negotiation between the Vendor and the Purchaser, having taken into account the preliminary valuation of the Target Property of approximately RMB85,064,000 (equivalent to approximately HK\$96,664,000) as at 20 March 2019 and the principal amount of the Sale Loan outstanding of approximately RMB16,018,186 (equivalent to approximately HK\$18,202,484) as at 31 May 2019.

The aforesaid preliminary valuation of the Target Property was prepared based on the market approach on the direct comparison method. An independent professional valuer was engaged by the Company to conduct the Valuation.

Taking into account the above, the Directors consider that the Consideration is fair and reasonable and on normal commercial terms or better and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The Agreement shall be unconditional upon the following conditions being fulfilled and satisfied on or before the Long Stop Date:

- (a) the Purchaser having entrusted a qualified valuer to verify and appraise the fair value of the Target Property 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 Company;
- (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 on the Target Company;
- (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 by the Vendor and the Target Company 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.

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 Company will be consolidated into the Company's consolidated financial statements.

Consideration Shares

The Consideration Shares will be issued at the Issue Price of HK\$0.81 per Consideration Share which represents:

- (i) a discount of approximately 25% to the closing price of HK\$1.080 per Share as quoted on the Stock Exchange on the date of the Agreement; and
- (ii) a discount of approximately 16.32% to the average closing price of approximately HK\$0.968 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of signing of the Agreement;

The Issue Price was determined after arm's length negotiations between the Company and the Vendors, with reference to (i) the market price of the Shares then prevailing prior to the entering into the MOU and represents a discount of 19.48% to the average of the closing prices per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the MOU; and (ii) the preliminary valuation of the Target Property of approximately RMB85,064,000 (equivalent to approximately HK\$96,664,000) as at 20 March 2019.

The Consideration Shares represent: (i) approximately 4.33% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.15% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares.

General Mandate

The Consideration Shares will be allotted and issued under the General Mandate. 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, when allotted and issued, will rank pari passu in all respects with each other and with other Shares then in issue at the time of issue of the Consideration Shares.

Financial information of the Target Company

As advised by the Vendor, the Target Company was set up for the sole purpose of holding the Target Property and no business was conducted by the Target Company since its incorporation. In light of this, no significant profit and loss items were recorded by the Target Company during the year 2017 and 2018 and for the period from 1 January 2019 and up to the date of this announcement.

As at 31 May 2019, the unaudited net assets value of the Target Company was approximately RMB8.

INFORMATION ON THE TARGET COMPANY AND THE TARGET PROPERTY

The Target Company is a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital is owned by the Vendor as at the date of this announcement. As at the date of this announcement, the Target Company is principally engaged in property holding and is holding the interest in the Target Property.

The Target Property is located in Huaihai Middle Road, Luwan District, Shanghai, the PRC* (中國上海市盧灣區淮海中路), with a gross floor area of approximately 446.52 square meters, which is for residential use and a car park space.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 2,752,041,551 Shares in issue. Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the allotment and issuance of the Consideration Shares and assuming there are no other changes in the share capital of the Company from the date of this announcement to the date of allotment and issue of the Consideration Shares:

Shareholders	As at the date of this announcement		Immediately upon the allotment and issuance of the Consideration Shares	
	Shares	Approximately %	Shares	Approximately %
Wu Jing (<i>Note</i>)	536,832,840	19.51	536,832,840	18.70
Shanghai Jihua Logistics Limited* (上海際華物流有限公司)	190,000,000	6.90	190,000,000	6.62
Vendor	—	—	119,248,035	4.15
Public Shareholders	<u>2,025,208,711</u>	<u>73.59</u>	<u>2,025,208,711</u>	<u>70.53</u>
Total	<u>2,752,041,551</u>	<u>100.00</u>	<u>2,871,289,586</u>	<u>100.00</u>

Note: Wu Jing is an executive Director and is interested in the said Shares because of her personal interest and spouse interest.

REASONS AND BENEFITS FOR ENTERING INTO THE AGREEMENT

The Company is an investment holding company, the Group mainly engages in mining, processing, trading and sales of marble stones, trading of commodities and cargo handling, warehousing and logistics.

The Group has been actively considering and exploring various opportunities for investment projects and to broaden the scope of investment according to the market conditions with an aim to enhance the Shareholders' value. In light of this, the Directors have assessed the entering into the Agreement and the transactions contemplated thereunder and consider that the prospect of the PRC property market is positive and the Target Property is situated in a very good location of the residential district, hence, it is of the view that the Acquisition is a valuable investment opportunity for the Group to participant in the PRC property market which will enable the Group to benefit from the potential long term appreciation of the Target Property in the PRC property market. Upon Completion, the Board intends to lease out the Target Property which will provide future stable income for the Group.

In order to maximise return to the Company and the Shareholders in the long run, the Directors believe that the Acquisition, should it be materialised, will enhance the corporate development of the Group which will be in the best interests of the Company and its Shareholders as a whole.

LISTING RULE IMPLICATIONS

All the applicable percentage ratios in respect of the Acquisition are less than 5%. However, as the Consideration will be satisfied by the allotment and issuance of the Consideration Shares, the Acquisition constitutes a share transaction and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion of the Acquisition is subject to fulfillment of the conditions precedent set out in the Agreement, and the Acquisition may or may not proceed to Completion. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Share and acceptance of the assignment of the Sale Loan by the Purchaser from the Vendor pursuant to the Agreement
“Aggregate Amount”	the aggregate amount of (a) the valuation results in respect of the fair value of the entire equity interest in the Target Company as at 31 May 2019 and (b) the Sale Loan
“Agreement”	the conditional sale and purchase agreement dated 10 June 2019 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
“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)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“connected person(s)”	has the meaning as ascribed thereto under the Main Board Listing Rules

“Consideration”	RMB85,000,000 (equivalent to approximately HK\$96,590,909), being the total consideration for the Acquisition
“Consideration Share(s)”	the 119,248,035 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 31 May 2019 to issue and allot up to 550,408,310 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“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
“Issue Price”	HK\$0.81, being the issue price per Consideration Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 August 2019
“Main Board”	Main Board of the Stock Exchange
“MOU”	the memorandum of understanding dated 3 June 2019 entered into by the Company and the Vendor setting out the preliminary understanding for the potential acquisition of the entire issued share capital of the Target Company by the Company (or any of its nominated associate) from the Vendor
“Purchaser”	Artgo Investment Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly owned subsidiary of the Company as at the date of the announcement

“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”	1 issued and fully paid up share of the Target Company, representing the entire issued share capital of Target Company, being beneficially owned by the Vendor
“Sale Loan”	unsecured interest-free loan provided by the Vendor to the Target Company and remains outstanding at Completion
“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”	Genpex Investment Limited, a company incorporated in the British Virgin Islands with limited liability and its entire issued share capital is owned by Vendor as at the date of this announcement
“Target Property”	a property located in Huaihai Middle Road, Luwan District, Shanghai, the PRC* (中國上海市盧灣區淮海中路), with a gross floor area of approximately 446.52 square meters
“Valuation”	the valuation in respect of the fair value of the Target Property as at 31 May 2019
“Vendor”	Mr. Zhang Yuan* (張元)
“%”	per cent

By Order of the Board
Artgo Holdings Limited
Wu Jing
Chairman and Executive Director

Hong Kong, 10 June 2019

* *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.*

As at the date of this notice, the executive Directors are Mr. Gu Weiwen, Mr. Zhang Jian, Ms. Wu Jing and Dr. Leung Ka Kit; 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.