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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: ACQUISITION OF THE ENTIRE EQUITY INTEREST OF THE TARGET COMPANY AND ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

Financial adviser to the Company

 **KINGSTON CORPORATE FINANCE**

The Board is pleased to announce that on 3 February 2016 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company), the Company and the Vendor entered into the Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares and the Sale Loan at the Consideration of HK\$294,000,000 (equivalent to approximately RMB245,000,000). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

The aggregate Consideration of HK\$294,000,000 for the sale and purchase of the Sale Share and the Sale Loan shall be settled by the Purchaser by procuring the Company to allot and issue to the Vendor (or such other companies as designated by the Vendor) the Consideration Shares credited as fully paid at the Issue Price at Completion.

An application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Consideration Shares.

As the relevant percentage ratios under the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. The Acquisition is subject to the reporting and announcement requirements but exempted from shareholders' approval requirement under Chapter 14 of the Listing Rules.

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THE AGREEMENT

Date

3 February 2016

Parties

The Vendor: Mr. Wang Jiangze

The Purchaser: Huijin Stone (Xiamen) Co., Ltd

The Issuer: the Company

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

The Purchaser is a company incorporated in the PRC with limited liability. It is a wholly-owned subsidiary of the Company and is principally engaged in mining, processing, distribution and sales of marble stones.

Assets to be acquired

Pursuant to the Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Share (represents the entire equity interests of the Target Company) and the Sale Loan.

As at the date of this announcement, the registered capital of the Target Company is RMB100,000 and the Sale Loan amounted to approximately RMB71.59 million (being the entire shareholder's loan owing by the Target Company to the Vendor as at the date of this announcement).

Consideration

The aggregate Consideration of HK\$294,000,000 (equivalent to approximately RMB245,000,000) for the sale and purchase of the Sale Share and the Sale Loan shall be settled by the Purchaser by procuring the Company to allot and issue to the Vendor (or such other companies as designated by the Vendor) the Consideration Shares credited as fully paid at the Issue Price at Completion. The Consideration was arrived at arm's length negotiations between the parties to the Agreement with reference to the (1) Valuation of the Properties held by the Target Company prepared by the Valuer of approximately RMB245.31 million under the market approach as at 25 January 2016; (2) the unaudited net assets value of the Target Company amounted to approximately RMB245.31 million as at the date of this announcement (without taken into account the shareholder's loan owing to

the Vendor of approximately RMB71.59 million) and adjusted for the Valuation of approximately RMB245.31 million; and (3) the factors set out in the paragraph headed “REASONS FOR AND BENEFITS OF THE ACQUISITION” below. The Consideration represents a discount of approximately 0.13% to the total appraised value of the Properties.

Consideration Shares

Issue Price

The Consideration Shares will be allotted and issued at the Issue Price of HK\$1.13 per Consideration Share, which:

- (i) represents a discount of approximately 10.96% to the closing price of HK\$1.27 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) represents a discount of approximately 13.68% to the average closing price of HK\$1.31 per Share for the last five trading days prior to the Last Trading Day.

The Issue Price was arrived at after arm's length negotiations between the parties to the Agreement after taking into account the prevailing market price and trading volume of the Shares. The Directors consider that it is in the interest of the Company and its Shareholders to retain more cash for general working capital and future business expansion of the Group after the Acquisition. The allotment and issuance of the Consideration Shares to settle the Consideration in full is for the purposes of maintaining the same liquidity position or financial leverage of the Group and allowing the Group to complete the Acquisition without any cash outlay. Furthermore, the willingness to accept the Consideration Shares (as opposed to cash or other form of consideration) also demonstrates the Vendor's confidence in the positive prospects on the Acquisition and the growth potential of the Company. Based on the above, the Directors consider that the allotment and issuance of the Consideration Shares to settle the Consideration is in the best interest of the Company and its Shareholders as a whole.

Number of Consideration Shares

When allotted and issued, the Consideration Shares (being 260,000,000 new Shares to be allotted and issued under the Acquisition) will represent approximately:

- (i) 19.50% of the existing issued share capital of the Company as at the date of the announcement; and
- (ii) 16.32% of the issued share capital of the Company as enlarged by the allotment and issue of Consideration Shares.

Ranking

The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects with all the existing Shares then in issue.

General Mandate to issue the Consideration Shares

The Consideration Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 266,666,800 Shares. As at the date of this announcement, the Company has not allotted and issued any Shares pursuant to the General Mandate and the General Mandate is sufficient for the allotment and issue of the Consideration Shares.

Application for listing

An application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Consideration Shares.

Conditions precedent

Completion of the Acquisition is conditional upon the satisfaction or waiver (as the case may be) of all of the following conditions:

- (a) the Purchaser being satisfied with the due diligence review on, among others, the business operation, financial status and legal matters of the Target Company;
- (b) the Vendor having obtained all necessary approvals, consents, filings, waivers (if any) from the relevant governmental authorities or other parties in respect of the Acquisition;
- (c) the representations and warranties in the Agreement given by the Vendor remain true, accurate and correct in all aspects as at the date of the Agreement and up till Completion;
- (d) the passing of the resolutions by the shareholder of the Target Company (i.e. the Vendor) of the Agreement and the transactions contemplated thereunder;
- (e) there having been no matter, change or circumstance which may adversely affect the business operation, financial status and/or assets of the Target Company; and
- (f) the Listing Committee granting listing of and permission to deal in the Consideration Shares (and such listing and permission not being subsequently revoked).

Save for condition (f) above, the Purchaser may waive any or all of the conditions. If any of the conditions set out above (except for condition (c)) are not fulfilled or waived in whole or in part by the Purchaser on or before 3 May 2016 (or such later date and time as the parties may agree in writing), or condition (c) set out above is not fulfilled at the time when the last condition precedent is fulfilled or waived, the Purchaser may postpone the completion of the Acquisition to a later date or to terminate the Agreement, pursuant to which all liabilities of the parties shall cease and determine (save for any antecedent breaches thereof).

Completion

Subject to the fulfillment or waiver (as the case may be) of the above conditions, Completion shall take place on the Completion Date, upon which the Target Company will become a subsidiary of the Company, and the financial results, assets and liabilities of the Target Group will be consolidated into the accounts of the Group.

INFORMATION ON THE TARGET COMPANY, THE VENDOR AND THE PROPERTIES

The Target Company is incorporated in the PRC with limited liability and principally engaged in corporate management consultancy, business information consultancy, investment consultancy, industrial investment, marketing planning, cultural and arts exchange planning (excluding performance brokerage), green construction as well as environmental construction. The principal assets of the Target Company are the Properties. The Properties consist of five commercial units with a total area of 2,431.18 sq.m. situated in Shanghai, the PRC and are currently leased out with rental fee agreed at RMB656,418.6 per month for a term up to 9 December 2021. As at the date of the Agreement, the Vendor is the legal and beneficial owner of the entire equity interest of the Target Company.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is a summary of the audited financial information of the Target Company for the two years ended 31 December 2014 and 2015:

	For the year ended	
	31 December	31 December
	2014	2015
	<i>approximately</i>	<i>approximately</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	—	1,313
Net loss before tax	3,478	2,152
Net loss after tax	3,478	2,152
Net liabilities	6,896	9,048

The unaudited net assets value of the Target Company amounted to approximately RMB245.31 million as at the date of this announcement (without taken into account the shareholder's loan owing to the Vendor of approximately RMB71.59 million) and adjusted for the Valuation of approximately RMB245.31 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in mining, processing, distribution and sales of marble stones.

As at the date of this announcement, the principal assets of the Target Company are the Properties, being five commercial units located in Shanghai, the PRC. The Directors consider that the Properties are situated in the prime area in Puxi, Shanghai with great appreciation potential. By acquiring the Target Company and holding the Properties, the Group will be able to yield promising rental return. Upon expiry or termination of its existing lease, whichever occurs earlier, the Company intends to use the Properties as the headquarters of the Group and the exhibition store of marble stones. In view of Shanghai being positioned as the financial, commercial and cultural hub of the PRC, coupled with its advantageous geographical location as well as lifestyle culture, the Directors believe that the relocation of the headquarters to Shanghai will be conducive to the Group's expansion of its

target customer base in the first-tier city of the PRC, and will be able to bring its natural, simple yet refined marble stone products into the middle-class market in the PRC, so as to generate greater return for the Shareholders in the long run.

In view of the above, the Board considers that the Acquisition is on normal commercial terms, and the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECTS OF THE ACQUISITION ON SHAREHOLDING STRUCTURE

Set out below is a summary of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion.

	At the date of this announcement		Immediately after Completion	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Shareholders				
Liu Investment				
Development Holdings				
Group Limited (<i>Note 1</i>)	526,000,000	39.45	526,000,000	33.01
Jin Sheng (<i>Note 2</i>)	110,000	0.01	110,000	0.01
Vendor (or such other companies as designated by the Vendor)	—	—	260,000,000	16.32
Public Shareholders	<u>807,224,000</u>	<u>60.54</u>	<u>807,224,000</u>	<u>50.66</u>
Total	<u><u>1,333,334,000</u></u>	<u><u>100.00</u></u>	<u><u>1,593,334,000</u></u>	<u><u>100.00</u></u>

Notes:

1. Mr. LIU Chuanjia is interested in the entire issued share capital of Liu Investment Development Holdings Group Limited (“**Liu’s Group**”), the substantial Shareholder. Mr. LIU Chuanjia is therefore deemed to be interested in the Shares held by Liu’s Group for the purpose of Part XV of the SFO.
2. Mr. Jin Sheng is an independent non-executive Director.

LISTING RULES IMPLICATION

As the relevant percentage ratios under the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. The Acquisition is subject to the reporting and announcement requirements but exempted from shareholders’ approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, having the following meanings.

“Acquisition”	the acquisition of the Sale Share and Sale Loan by the Purchaser from the Vendor pursuant to the terms of the Agreement
“Agreement”	the equity transfer agreement dated 3 February 2016 entered into between the Vendor and the Purchaser in relation to the Acquisition
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, a Sunday or public holiday) 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 Stock Exchange (Stock Code: 3313)
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Completion Date”	the date falling on the third Business Day after the date of fulfillment (or waiver) of the conditions precedent as set out in the Agreement (or such other date that may be agreed by the Vendor and the Purchaser)
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	the total consideration for the Acquisition
“Consideration Share(s)”	an aggregate of 260,000,000 new Shares to be allotted and issued by the Company to the Vendor (or such other companies as designated by the Vendor) at the Issue Price credited as fully paid for the purpose of the settlement of the Consideration
“Director(s)”	the director(s) of the Company

“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 16 June 2015, among other things, to allot, issue and deal with up to 266,666,800 Shares, being 20% of the then issued share capital of the Company as at the date of the passing of the resolution
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	the person(s) who is/are independent of and not connected with the Directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Issue Price”	the issue price of HK\$1.13 for each Consideration Share
“Last Trading Day”	3 February 2016, being the last trading day before the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor as at the date of this announcement in the amount of RMB71.59 million
“Sale Share”	the entire equity interests of the Target Company
“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”	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
“Valuation”	the valuation of the Properties held by the Target Company as at 25 January 2016 under the market approach prepared by the Valuer
“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
“Vendor”	Mr. Wang Jiangze
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	renminbi, the lawful currency of the PRC
“sq.m.”	square meter(s)
“%”	per cent.

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.

** For reference purposes only, the Chinese names of the PRC entities, addresses or terms have been translated into English in this announcement. In the event of any discrepancies between the Chinese names of these PRC entities, addresses or terms and their respective English translations, the Chinese version shall prevail.*

By order of the Board
ArtGo Holdings Limited
Liu Chuanjia
Chairman and Executive Director

Xiamen, The People’s Republic of China, 3 February 2016

As at the date of this announcement, the executive Directors are LIU Chuanjia, LI Dingcheng and HAN Yingfeng, and the independent non-executive Directors are LIU Jianhua, WANG Hengzhong and JIN Sheng.