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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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that, based on the information available to the Board, it is expected that there would be a significant consolidated net loss of the Group for the year ended 31 December 2018 as compared to a consolidated net profit of approximately HK\$7.8 million recorded by the Group for the year ended 31 December 2017.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by ArtGo Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “**SFO**”).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the information available to the Board, there would be a significant consolidated net loss of the Group for the year ended 31 December 2018 as compared to a consolidated net profit of approximately HK\$7.8 million recorded by the Group for the year ended 31 December 2017. Such result was primarily attributable to the followings:

- (i) the significant decline in overall revenue of the Group by approximately 58% as a result of a decrease in the revenue generated from the commodities trading segment by approximately 60% as compared to 2017;

- (ii) the increase in finance costs of the Group of approximately RMB21 million mainly due to the impact of a full year interest expense recognized this year arising from an interest-bearing financing incepted in late 2017;
- (iii) the increase in administrative expenses of the Group, mainly due to the equity-settled share option expense (which was non-cash in nature) of approximately RMB36 million being recognized this year;
- (iv) the recognition of impairment loss on goodwill of approximately RMB19 million in relation to the Group's logistics services business;
- (v) the recognition of impairment provisions made for the trade and other receivables of the Group of approximately RMB11 million which is mainly attributable to the application of new impairment methodology based on the "expected credit losses model" upon adoption of the IFRS 9 "Financial Instruments" this year; and
- (vi) the recognition of impairment loss on the fair value of the Group's intangible assets relating to the mining rights held by the Group.

On 25 March 2019, the Group received a notification (the "**Notice**") from the Land and Resources Bureau (the "**Bureau**") of Guanyang County in Guangxi Province that the Bureau has rejected the applications (the "**Applications**") made by the Group for the renewal of two mining licenses originally held by Guanyang County Guiguan Stone Co., Ltd. (灌陽縣桂灌石材有限責任公司) ("**Guiguan Stone**"), a non-wholly owned subsidiary of the Company. After further assessment made by the management of the Group with reference to such information currently available, the Group recognizes an impairment of approximately RMB518 million in relation to the aforesaid mining rights held by the Group. It is expected that the loss arising from the aforesaid impairment attributable to owners of the Company shall be amounted to approximately RMB264 million which is subject to the review and finalization by the Company and its auditors. As further set out in the Notice, the Bureau rejected the Applications for the reasons that it is the intention of the local government to integrate the mining resources located in Guanyang County for better utilization and development of local natural resources. Based on this, it is advised by the management of Guiguan Stone that the Group is currently in the process of negotiating with the local government for any feasible business arrangements under which the Group could play an active and crucial role in the local stone production chain. Further announcement(s) will be published by the Company, where appropriate, should there be any arrangements being affirmed.

The information contained in this announcement is only a preliminary assessment performed by the management of the Company based on currently available information which is not based on any figures or information audited by the Company's auditors. The figures disclosed in this announcement may be subject to changes and adjustments as the audited consolidated annual results of the Group are available. Shareholders and potential investors are advised to read the announcement of the annual results of the Group for the year ended 31 December 2018, which is expected to be published before the end of March 2019.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 25 March 2019

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.