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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



黄河證券有限公司
Yellow River Securities Limited

Yellow River Securities Limited

THE PLACING

On 2 September 2020 (after trading hours of the Stock Exchange), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 222,000,000 Placing Shares at the Placing Price of HK\$0.10 per Placing Share to not less than six Placees who and whose beneficial owners shall be Independent Third Parties. The Placing Shares will be allotted and issued pursuant to the General Mandate.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represents (i) approximately 5.83% of the existing issued share capital of the Company of 3,810,697,729 Shares as at the date of this announcement; and (ii) approximately 5.50% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$2,220,000.

The Placing Price of HK\$0.10 per Placing Share represents (i) a price equivalent to the closing price of HK\$0.10 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 2.53% to the average closing price of HK\$0.1026 per Share in the last five trading days immediately prior to the date of the Placing Agreement.

It is expected that the maximum gross proceeds and net proceeds from the Placing will be approximately HK\$22.2 million and approximately HK\$21.5 million, respectively. The net price per Placing Share is approximately HK\$0.0968.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

THE PLACING AGREEMENT

Date

2 September 2020

Issuer

The Company

Placing Agent

Yellow River Securities Limited

The Placing Agent has conditionally agreed to place, on a best effort basis, up to 222,000,000 Placing Shares to independent Placees. To the best of Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares either by itself or through its sub-placing agents to not less than six Placees (who are independent professional, institutional or other investors), who and whose ultimate beneficial owner(s) are Independent Third Parties.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 222,000,000 Placing Shares under the Placing represents (i) approximately 5.83% of the existing issued share capital of the Company of 3,810,697,729 Shares as at the date of this announcement; and (ii) approximately 5.50% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$2,220,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, pari passu in all respects with the Shares in issue at the time of issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.10 per Placing Share represents (i) a price equivalent to the closing price of HK\$0.10 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 2.53% to the average closing price of HK\$0.1026 per Share in the last five trading days immediately prior to the date of the Placing Agreement. The Placing Price of the Placing was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Placing Commission

The placing commission to be received by the Placing Agent pursuant to the Placing Agreement is 3.0% on the gross proceeds of the Placing Shares which are successfully placed by the Placing Agent.

General Mandate to allot and issue the Placing Shares

The Placing Shares will be issued under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders. Under the General Mandate, the Company is authorised to issue up to 672,139,545 Shares. As at the date of this announcement, 450,000,000 Share has been issued under the General Mandate and hence the number of Shares available for issue is 222,139,545 Shares.

Application for listing of Placing Shares

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Conditions of the Placing Agreement

The Placing is conditional upon the following conditions being fulfilled or waived (other than condition (i) which cannot be waived):

- (i) the Listing Committee of the Stock Exchange granting a listing of, and permission to deal in, the Placing Shares;
- (ii) all necessary consents, approvals, authorisations and/or waivers having been obtained by the Company to effect the execution, completion and performance of the obligations and other terms of the Placing Agreement; and
- (iii) the Placing Agent having received from the Company certified board resolutions approving the Placing and the entering into of the Placing Agreement.

In the event the aforesaid conditions are not fulfilled or waived by 18 September 2020 (or such later date as may be agreed by the Placing Agent and the Company in writing) all rights, obligations and liabilities of the parties hereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against any other party in respect of the Placing save for any antecedent breaches.

Termination of the Placing

The Placing Agent shall be entitled by notice in writing to the Company at any time prior to 10:00 a.m. on the Completion Date to terminate the Placing Agreement upon the occurrence of any of the following events which, in the reasonable opinion of the Placing Agent the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (A) any material breach of any of the representations, warranties and undertakings by the Company set out in the Placing Agreement; or
- (B) any of the following events:
 - (i) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
 - (ii) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
 - (iii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or

- (iv) a change or development involving a prospective change in taxation in Hong Kong, the Cayman Islands or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective shareholders in their capacity as such; or
- (v) any change or deterioration in the conditions of local, national or international securities markets occurs.

In the event that the Placing Agent terminates the Placing Agreement by giving the above mentioned notice prior to 10:00 a.m. on the Completion Date, all obligations of each of the parties under the Placing Agreement, shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with this Agreement except for any breach arising prior to such termination.

Completion of the Placing

Completion of the Placing shall take place within three (3) business days after the fulfillment or waiver (as appropriate) of the conditions set out in the Placing Agreement (or such other date as the Company and the Placing Agent may agree).

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company, the Group mainly engages in (i) mining, processing, trading and sales of marble stones and calcium carbonate products and (ii) trading of commodities.

The Directors are of the view that the Placing can strengthen the financial position of the Group and provide additional working capital to the Group to meet any future development and obligations. The Placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company and is in the interests of the Company and the Shareholders as a whole.

As disclosed above, the net proceeds will be approximately HK\$21.5 million. It is expected that the net proceeds from the Placing will be utilised (i) as to approximately HK\$2.5 million for general working capital such as rentals, payroll of the Group and operating costs of the marble processing plant; (ii) as to approximately HK\$19.0 million for repayment of debts and the related interest costs of the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS FROM THE DATE OF THIS ANNOUNCEMENT

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
12 May 2020 and 27 May 2020	Subscription of 203,870,000 new Shares at the price of HK\$0.09 per subscription share.	The net proceeds from the subscription amount to approximately HK\$18.3 million.	(i) as to approximately HK\$9.2 million for construction works relating to the office building and dormitory etc. of the Group's processing facility in the PRC; (ii) as to approximately HK\$3.6 million for sewage treatment facilities in the PRC; (iii) as to approximately HK\$2.7 million for working capital related to recommencement of mining activities; (iv) as to approximately HK\$2.8 million for administration expenses such as payroll and rentals etc.	The proceeds were used as intended.
22 July 2020 and 3 August 2020	Placing of 450,000,000 new Shares at the price of HK\$0.09 per placing share.	The net proceeds from the placing amounted to approximately HK\$40.0 million.	(i) as to approximately HK\$10.0 million for general working capital such as rentals, payroll of the Group and operating costs of the marble processing plant; and (ii) as to approximately HK\$30.0 million for repayment of debts and the related interest costs of the Group.	The proceeds were used as intended except for only approximately HK\$6.6 million has been utilised as working capital as the date of this announcement. The unutilised proceeds of approximately HK\$3.4 million will be used as originally planned in due course.

Save as disclosed above, the Company had not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this announcement.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 3,810,697,729 Shares in issue. The following chart sets out the shareholding structure of the Company, assuming there are no other changes to the issued share capital of the Company, (i) as at the date of this announcement; and (ii) immediately upon the completion of the Placing:

Shareholders	(a) as at the date of this announcement		(b) immediately after completion of the Placing	
	<i>Number of Shares</i>	<i>Approximately %</i>	<i>Number of Shares</i>	<i>Approximately %</i>
Wu Jing (<i>Note</i>)	97,000	—	97,000	—
Tong Sui Lun Franco	203,870,000	5.35	203,870,000	5.06
The Placees	—	—	222,000,000	5.50
Other public shareholders	<u>3,606,730,729</u>	<u>94.65</u>	<u>3,606,730,729</u>	<u>89.44</u>
Total	<u>3,810,697,729</u>	<u>100.00</u>	<u>4,032,697,729</u>	<u>100.00</u>

Note: Ms. Wu Jing is an executive Director.

GENERAL

The Placing Shares will be issued under the General Mandate and therefore the Placing will not be subject to Shareholder's approval. Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday or Sunday) on which banks in Hong Kong are open for business
“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 Placing pursuant to the terms and conditions of the Placing Agreement
“Completion Date”	within three (3) Business Days (or such other date as may be agreed between the Company and the Placing Agent) following the fulfillment of the condition in respect of Placing Agreement
“Directors”	directors 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 17 July 2020 to issue and allot up to 672,139,545 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
“Independent Third Party(ies)”	party who is independent of, and not connected with the Directors, chief executive or substantial shareholders of each of the Company, its subsidiaries and their respective associates, in accordance with the Listing Rules
“Listing Committee”	has the meaning ascribed to it in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities
“Placee(s)”	any person or entity whom the Placing Agent and/or any of its agent(s) has procured to subscribe for any of the Placing Shares
“Placing”	the placing of the Placing Shares by the Placing Agent pursuant to the Placing Agreement upon the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Yellow River Securities Limited, a corporation to carry on Type 1 (dealing in securities) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 2 September 2020 in relation to the Placing
“Placing Price”	HK\$0.10 per Placing Share

“Placing Shares”	up to a total of 222,000,000 new Shares to be placed pursuant to the Placing Agreement upon the terms and subject to the conditions set out in the Placing Agreement
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan)
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 2 September 2020

As at the date of this announcement, the executive Directors are Mr. Gu Weiwen, Mr. Zhang Jian and Ms. Wu Jing; the non-executive Director is Mr. Gu Zengcai; and the independent non-executive Directors are Ms. Lung Yuet Kwan, Mr. Hui Yat On and Mr. Zhai Feiquan.