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 DISPOSAL OF 51% OF THE EQUITY INTEREST IN THE TARGET COMPANY

THE DISPOSAL

The Board hereby announces that on 6 May 2021 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser, entered into the Agreement pursuant to which the Vendor have conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the Sale Interest at a consideration of RMB45 million.

LISTING RULE IMPLICATIONS

Since the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but falls below 25%, the Disposal 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 Chapter 14 of the Listing Rules.

Completion of the Disposal is subject to the fulfillment or waiver of the conditions precedent (as the case may be) set out in the Agreement and therefore may or may not proceed to Completion. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares of the Company.

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THE AGREEMENT

The principal terms of the Agreement are summarised as below:

Date: 6 May 2021

Parties: (i) the Purchaser;
(ii) the Vendor; and
(iii) the Target Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

Assets to be disposed

As at the date of the Agreement, the Target Company is directly wholly-owned by the Vendor. Pursuant to the Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Interest representing 51% of the total equity interest in the Target Company.

Consideration

Pursuant to the Agreement, the Consideration is RMB45 million which shall be settled by the Purchaser in cash within one month from the date of the Agreement. Upon receipt of the Consideration in full and subject to the Conditions Precedent as set out in the paragraph headed "Conditions precedent" below, the Vendor shall procure the completion of registration or filing in relation to the transfer of the Sale Interest with the relevant industry and commerce administration bureau within one month or such other period of time as the parties to the Agreement may mutually agree in writing.

Basis of the Consideration

The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser on normal commercial terms after taking into consideration, among others, the financial performance, the net assets value of the Target Company (including the properties held by it) and the properties market conditions. The aggregate fair value of the properties as at 31 December 2020 was assessed to be approximately RMB91 million which was assessed by Dongtai Real Estate Land Appraisal Co., Ltd.*, an independent professionally qualified valuer.

After taking into account the above factors and the reasons and benefits of the Disposal as described under the paragraph headed "Reasons for and benefits of the Disposal" below, the Board considers that the Consideration is fair and reasonable and in the interests of the Company and its 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 being reasonably satisfied with the appraisal results on the values of the assets, liabilities and equity structure and valuation of the Target Company;

(b) 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;

(c) there being no breach of any of the representations, warranties and undertakings given by the Vendor under the Agreement prior to the Completion;

(d) 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;

(e) the relevant registration of the equity transfer was completed; and

(f) 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 condition precedent (f) 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. The Vendor shall refund the Consideration received to the Purchaser without interest. No party shall have any claim against the other in respect the obligations and liabilities or the sale and purchase of the Sale Interest 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 Group will hold 49% of the equity interest of the Target Company and the Purchaser will hold 51% of the equity interest of the Target Company. Accordingly, the financial results of the Target Company will no longer be consolidated into the financial statements of the Company.

INFORMATION OF THE TARGET COMPANY AND THE PROPERTIES

The Target Company is incorporated in the PRC with limited liability and principally engaged in business information consultancy, marketing planning, cultural and arts exchange planning, non-residential real estate leasing, housing leasing; sales of stone, building materials, chemical raw materials, and products etc. The principal assets of the Target Company are five commercial properties with a total area of 2,431.18 sq.m. situated in Shanghai, the PRC and held for the purpose of generating rental income. As at the date of the Agreement, the Target Company is an indirect wholly-owned subsidiary of the 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 2019 and 2020:

	For the year ended 31 December	
	2019	**2020**
	RMB'000	*RMB'000*
Rental Income	7,662	6,325
Net loss before tax	1,680	215
Net loss after tax	1,680	215
Net assets	52,477	52,262

The adjusted net assets value of the Target Company at consolidation level attributable to the Group as at 31 December 2019 and 2020 are approximately RMB84.1 million and RMB83.1 million respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company, the Group mainly engages in mining, processing, trading and sales of marble stones and trading of commodities. The Target Company is principally engaged in investment properties holding and has been leasing certain commercial retail properties for generating rental income which is not a core business of the Group. Due to the outbreak of COVID-19 pandemic since early 2020, the closedown of retails shops and suspension of certain service industry participants has lowered the demand of commercial retail properties which created uncertainty to the ongoing leasing business. As mentioned in the Company's 2020 annual results announcement, the Group's overall business was also adversely affected by the pandemic. The Group has since then aligned its business strategy toward its core business after successfully renewed the mining license for its largest marble mine. The Directors considered that it is beneficial to the Group and its shareholders as a whole to monetise non-core assets in order to generate immediate liquidity and also help in lowering the Group's debt level and strengthening its financial position. The Directors also considered that the Disposal is an appropriate opportunity to realise certain its investment in the Target Company and that the Disposal would not have any material adverse impact on the business of the Group as a whole. The Board is of the view that the terms of the Agreement are fair and reasonable, and the Disposal is in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Based on the Consideration of RMB45 million, the Group is expected to recognise a net gain of approximately RMB2.6 million upon Completion. Such potential gain represents the premium of the Consideration of RMB45 million over the unaudited adjusted net assets value of the Target Company attributable to the sale interest of approximately RMB42.4 million as at 31 December 2020.

Shareholders should note that the above figures are for illustrative purpose only. The actual amount of gain or loss as a result of the Disposal to be recorded by the Group will be subject to the review and final audit by the auditors of the Company.

The Group intends to use the net proceeds from the Disposal for repayment of debts of the Group and general working capital.

LISTING RULES IMPLICATIONS

Since the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but falls below 25%, the Disposal 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 Chapter 14 of the Listing Rules.

Completion of the Disposal is subject to the fulfillment or waiver of the conditions precedent (as the case may be) set out in the Agreement and therefore may or may not proceed to Completion. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares of the Company.

DEFINITIONS

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

"Agreement"	the conditional equity transfer agreement dated 6 May 2021 entered into between the Purchaser, the Vendor and the Target Company in respect of the Disposal
"Board"	the board of Directors
"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 Disposal 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"	RMB45,000,000 being the consideration for the Disposal
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Sale Interest by the Vendor to the Purchaser pursuant to the Agreement
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"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
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	15 July 2021
"Main Board"	Main Board of the Stock Exchange
"Purchaser"	Zhong Zan (Shanghai) New Energy Company Limited* (中贊(上海)新能源有限公司), a company incorporated in the PRC with limited liability
"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 Interest"	the 51% of the total equity interest in 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
"Vendor"	ArtGo Junqi (Shanghai) Co., Ltd.* (雅高珺奇 (上海) 實業有限公司), a company incorporated in the PRC with limited liability
"sq.m."	square meter(s)
"%"	per cent.

* *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
Wu Jing
Chairman and Executive Director

Hong Kong, 6 May 2021

As at the date of this announcement, the executive Directors are Mr. Gu Weiwen, Mr. Zhang Jian, Ms. Wu Jing and Mr. Wan Jian; 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.