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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)

**CLARIFICATION ANNOUNCEMENT
IN RELATION TO
THE ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Reference is made to the annual results announcement for the year ended 31 December 2022 (the “**Annual Results Announcement**”) of Artgo Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 31 March 2023. Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Annual Results Announcement.

Shareholder of the Company are advised to read this announcement in conjunction with the Annual Results Announcement.

The Company would like to clarify that a loan and a deferred income of the Group were mistakenly classified as other payables and accruals in the consolidated statement of financial position of the Group as at 31 December 2022 due to inadvertent error. Accordingly, the Company wishes to set forth below the revised consolidated statement of financial position and the relevant paragraphs in the management discussion and analysis with the corresponding corrections underlined for the affected items:

(Page 2 of the Annual Results Announcement)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	473,230	452,379
Investment properties	20,368	21,323
Right-of-use assets	279,491	289,107
Intangible assets	596,622	662,325
Investments in associates	89,141	93,941
Prepayments, deposits and other receivables	4,138	4,430
Deferred tax assets	1,102	924
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Total non-current assets	1,464,092	1,524,429
CURRENT ASSETS		
Inventories	43,724	59,855
Trade and bills receivables	28,999	26,424
Prepayments, deposits and other receivables	100,222	89,598
Restricted deposits	8,341	15,457
Cash and bank balances	15,762	23,088
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Total current assets	197,048	214,422
CURRENT LIABILITIES		
Trade payables	23,081	16,380
Contract liabilities	5,674	2,571
<u>Other payables and accruals</u>	<u>101,403</u>	117,273
Tax payables	23,283	21,328
Lease liabilities	1,099	1,117
Interest-bearing bank and other borrowings	24,650	23,880
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<u>Total current liabilities</u>	<u>179,190</u>	182,549
<u>NET CURRENT ASSETS</u>	<u>17,858</u>	<u>31,873</u>
TOTAL ASSETS LESS		
<u>CURRENT LIABILITIES</u>	<u>1,481,950</u>	<u>1,556,302</u>

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	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES		
<u>Interest-bearing bank and other borrowings</u>	<u>319,574</u>	261,340
Deferred tax liabilities	8,841	8,291
<u>Deferred income</u>	<u>4,219</u>	4,429
Lease liabilities	202	772
Provision for rehabilitation	<u>19,368</u>	<u>18,237</u>
<u>Total non-current liabilities</u>	<u>352,204</u>	<u>293,069</u>
NET ASSETS	<u>1,129,746</u>	<u>1,263,233</u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	44,935	37,063
Reserves	<u>991,669</u>	<u>1,132,946</u>
	1,036,604	1,170,009
Non-controlling interests	<u>93,142</u>	<u>93,224</u>
TOTAL EQUITY	<u>1,129,746</u>	<u>1,263,233</u>

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NET CURRENT ASSETS

Net current assets of the Group decreased from approximately RMB31.9 million as at 31 December 2021 by 43.9% to approximately RMB17.9 million as at 31 December 2022, which was primarily due to a provision of obsolete inventories by approximately RMB19.1 million and decrease in restricted deposits and cash and bank balances in aggregate by approximately RMB14.4 million.

CURRENT RATIO

The current ratio, being current assets over current liabilities, was 1.10 as at 31 December 2022 (31 December 2021: 1.17).

BORROWINGS

The Group generally finances its operations with internally generated cash flows, other borrowings and banking credit facilities. As at 31 December 2022, the Group had total bank loans and other borrowings of RMB344.2 million (31 December 2021: RMB285.2 million).

GEARING RATIO

The Group's gearing ratio equals to its net debt (total debts net of cash and bank balances) divided by total equity. Total debt is defined as interest-bearing bank and other loans and it excludes liabilities incurred for working capital purposes. As at 31 December 2022: the gearing ratio was 29.1% (2021: 20.8%).

Below is the amended paragraph in the management discussion and analysis for providing additional information / explanation of changes (as underlined):

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FINANCE COSTS

Finance costs, mainly included interests on other borrowings, interests on bank loans, interests on lease liabilities and related interests of rehabilitation, were approximately RMB24.3 million (2021: approximately RMB45.8 million). Finance costs decreased by approximately RMB21.5 million as compared to that of 2021, which was mainly attributable to (i) the finance costs (RMB45.8 million) in 2021 included loan interests of approximately RMB15.3 million relating to loans of aggregated principals of approximately RMB177.8 million which had been settled in 2021; and (ii) the Group's actively seeking debt restructuring refinancing opportunities with lower costs from non-bank lenders/local partners in PRC.

Below is the amended paragraph of the management discussion and analysis for rectifying clerical mistakes (as underlined):

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HUMAN RESOURCES AND REMUNERATION POLICY

The emolument policy of the employees of the Group is determined by the management on the basis of their contribution, qualifications and competence.

As at 31 December 2022, the total number of full-time employees of the Group was 209 (31 December 2021: 205). Employee costs (including the Directors' remunerations) totally amounted to approximately RMB25.2 million for 2022 (2021: approximately RMB26.8 million). Meanwhile, taking into account the strategic goal of the Group, operating results, efforts and contributions made by each of our executive Directors, senior management and employees, and for the purposes of recognizing their value, motivating for better performance and skills, maintaining the Company's fast-growing development and achieving its long and short-term goals, the remunerations are in line with the market performance and their qualifications and abilities, and makes adjustment according to varied percentage. The Group determined the remuneration packages of all employees including the Directors with reference to individual performance and current market salary scale.

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in a defined central pension scheme managed by the relevant local government authorities in respective regions in the PRC where the Group is required to contribute a certain percentage of the relevant part of the payroll of these employees to the central pension scheme.

The local government authorities are responsible for the entire pension obligations payable to the retired employees and the Group has no obligation for the payment of retirement benefits beyond the annual contributions. In 2022, the contributions of approximately RMB2.2 million (2021: approximately RMB1.9 million) were charged to the profit and loss account as they became payable in accordance with the rules of the central pension scheme.

Save for the above adjustments, all information and contents set out in the Annual Results Announcement shall remain unchanged. The consolidated financial statements of the Group for the year ended 31 December 2022 with the above adjustments will be incorporated and disclosed in the Company's annual report for the year ended 31 December 2022, which will be published in due course in compliance with the Listing Rules.

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

Hong Kong, 20 April 2023

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.