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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 26 January 2024 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for 61,720,000 Subscription Shares at the Subscription Price of HK\$0.20 per Subscription Share.

The Subscription Shares represent (i) approximately 6.67% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.25% of the enlarged issued share capital of the Company immediately following the Completion, assuming that there will be no change in the issued share capital of the Company (other than the issue of the Subscription Shares) between the date of this announcement and the Completion.

Completion of the Subscription is subject to fulfillment of the condition under the Subscription Agreement. As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

On 26 January 2024 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for 61,720,000 Subscription Shares at the Subscription Price of HK\$0.20 per Subscription Share.

THE SUBSCRIPTION AGREEMENT

Date: 26 January 2024

Parties: (i) the Company as the issuer
(ii) the Subscriber

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Subscriber is an individual professional investor. Based on the information provided to the Company, the Subscriber is an Independent Third Party. Immediately upon completion of the Subscription, the Subscriber will own approximately 6.25% of the issued share capital as enlarged by the allotment and issuance of the Subscription Shares.

Subject matter

Pursuant to the Subscription Agreement, subject to the fulfillment of the condition referred to in the paragraph headed “Condition of the Subscription” below, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue an aggregate of 61,720,000 new Shares at the Subscription Price of HK\$0.20 per Subscription Share.

The aggregate nominal value of the Subscription Shares is HK\$12,344,000. The market value of the Subscription Shares is approximately HK\$13.70 million, based on the closing price of HK\$0.2220 per Share as at the date of the Subscription Agreement.

The Subscription Shares

The Subscription Shares represent (i) approximately 6.67% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.25% of the enlarged issued share capital of the Company immediately following the Completion, assuming that there will be no change in the issued share capital of the Company (other than the issue of the Subscription Shares) between the date of this announcement and the Completion.

Ranking of the Subscription Shares

The Subscription Shares will be issued free from all encumbrances together with all rights attaching to them, including the right to receive all dividends declared and will rank pari passu with all other issued Shares in all respects as at the date of issue.

The Subscription Price

The Subscription Price of HK\$0.20 per Subscription Share represents:

- (i) a discount of approximately 9.91% over the closing price of HK\$0.2220 per Share as quoted on the Stock Exchange, on 26 January 2024, being the Last Trading Day;
- (ii) a discount of approximately 10.23% to the average closing price of approximately HK\$0.2228 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the Last Trading Day; and
- (iii) a discount of approximately 9.62% to the average closing price of approximately HK\$0.2213 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to the Last Trading Day.

The net proceeds of the Subscription, after deducting the relevant expenses, are estimated to be approximately HK\$12.24 million and the net Subscription Price is approximately HK\$0.1983.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent trading performance of the Shares. The Directors consider that the Subscription Agreement is entered into on normal commercial terms after arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

Condition of the Subscription

Completion of the Subscription is conditional on, among others, the listing of and permission to deal in the Subscription Shares being granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares).

The Company and the Subscriber shall use their respective best endeavours to procure the fulfillment of the above condition and in particular, shall furnish such information, supply such documents, give such undertakings and do all such acts and things as may reasonably be required in connection with the fulfillment of the above condition.

The Company will apply to the Listing Committee for listing of and permission to deal in the Subscription Shares. The Subscription Agreement does not provide for any party to waive the above condition.

If the above condition is not satisfied on or before 6 March 2024 or such later date as may agree between the Company and the Subscriber, the Subscription Agreement shall terminate and none of the parties to the Subscription Agreement shall have any claim against the other for costs, damages, compensation or otherwise.

Completion

Subject to the fulfillment of the above condition, completion of the Subscription shall take place at 11:00 a.m. (Hong Kong time) on the Completion Date or such other time as the Company and the Subscriber may agree at the place agreed between the Company and the Subscriber.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM subject to the limit of up to 20% of the issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Directors are authorised to issue and allot up to 61,724,975 Shares. Up to the date of this announcement, no Shares have been allotted and issued under the General Mandate. As such, the issue of the Subscription Shares will not be subject to Shareholders' approval.

APPLICATION FOR LISTING

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

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND THE 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, (ii) trading of commodities and (iii) warehouse logistics business.

The Directors are of the view that the Subscription can strengthen the financial position of the Group and provide additional working capital to the Group to meet any future development and obligations. The Subscription 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\$12.24 million. It is expected that the net proceeds from the Subscription will be utilised for the repayment of part of the Group's current debt, where to the extent that any part of the net proceeds is not applied for such purpose, such proceeds are intended to be applied for general working capital of the Group and/or any investment opportunities in related business as identified by the Group from time to time.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities in the past twelve months immediately prior to the date of this announcement:

Date of relevant announcements, circular and prospectus	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
5 May 2023 and 13 June 2023	Subscription of new shares under general mandate	HK\$12.83 million	Repayment of part of the Group's current debt, where to the extent that any part of the net proceeds is not applied for such purpose, such proceeds are intended to be applied for general working capital of the Group and/or any investment opportunities in related business as identified by the Group from time to time.	HK\$10.0 million utilised for repayment of the Group's current debt; and HK\$2.83 million utilised for the Group's general working capital.
28 July 2023, 4 August 2023, 25 August 2023, 14 September 2023, 28 September 2023, and 3 November 2023	Rights Issue	HK\$121.15 million	(i) as to approximately HK\$110.00 million for repayment of loans and other payables of the Group; and (ii) as to approximately HK\$11.15 million as general working capital of the Group, in which approximately HK\$4.10 million for salaries expenses, approximately HK\$4.10 million for purchase of raw materials, approximately HK\$2.05 million for professional fees and HK\$0.90 million for daily operation expenses.	The proceeds were used as intended except for only approximately HK\$5.30 million has been utilised as working capital as the date of this announcement. The unutilized proceeds of approximately HK\$5.85 million will be used as originally planned in 2024.

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 925,874,625 Shares in issue. The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the Completion of the Subscription, assuming that there are no other changes to the issued share capital of the Company between the date of this announcement and the allotment and issue of the Subscription Shares:

Shareholders	As at the date of this announcement		Immediately upon completion of the Subscription	
	Number of Shares	Approximate percentage (%)	Number of Shares	Approximate percentage (%)
Casado Co., Limited	273,000,647	29.49	273,000,647	27.64
Xu Xiaodong	138,000,000	14.90	138,000,000	13.97
Wu Jing (<i>Note</i>)	6,556,850	0.71	6,556,850	0.67
The Subscriber	—	—	61,720,000	6.25
Public shareholders	<u>508,317,128</u>	<u>54.90</u>	<u>508,317,128</u>	<u>51.47</u>
Total	<u>925,874,625</u>	<u>100.00</u>	<u>987,594,625</u>	<u>100.00</u>

Note: Ms. Wu Jing is an executive Director.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

Completion of the Subscription is subject to fulfillment of the condition under the Subscription Agreement. As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 19 June 2023
“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 Subscription pursuant to the terms and conditions of the Subscription Agreement
“Completion Date”	within five (5) Business Days following the fulfillment of the condition in respect of Subscription 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 AGM to issue and allot up to 61,724,975 Shares (as adjusted taking into account the effect of the Share Consolidation), representing 20% of the issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who is/are 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 under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Last Trading Day”	26 January 2024, being the last trading day of the Shares on the Stock Exchange prior to the release of this announcement
“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\$0.20 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Wu Hailong, an Independent Third Party
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 26 January 2024 entered into between the Company and the Subscriber, pursuant to which the Company agreed to issue and allot and the Subscriber agreed to subscribe for 61,720,000 Shares for an aggregate consideration of approximately HK\$12.34 million in cash
“Subscription Price”	HK\$0.20 per Subscription Share
“Subscription Share(s)”	61,720,000 new Shares to be allotted and issued by the Company to the Subscriber pursuant to the Subscription Agreement
“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, 26 January 2024

As at the date of this announcement, the executive Directors are Mr. Gu Weiwen, Mr. Zhang Jian, Mr. Wan 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. Zhai Feiquan and Mr. Hui Yat On.