

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ARTGO HOLDINGS LIMITED

雅高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3313)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

RESULTS HIGHLIGHTS

- The revenue from continuing operations of the Group for the six months ended 30 June 2021 amounted to approximately RMB43.1 million (2020: approximately RMB43.4 million), representing a slight decrease of 0.6% or approximately RMB0.3 million. The revenue from a discontinued operation amounted to approximately RMB1.3 million (2020: approximately RMB1.6 million), representing a decrease of approximately RMB0.3 million.
- The loss before tax from continuing operations of the Group for the six months ended 30 June 2021 amounted to approximately RMB40.1 million (2020: approximately RMB91.7 million), representing a decrease in loss of approximately RMB51.6 million. The profit before tax from a discontinued operation amounted to approximately RMB0.7 million (2020: approximately RMB0.9 million loss before tax).
- The Group's net loss from continuing operations for the six months ended 30 June 2021 amounted to approximately RMB40.2 million (2020: approximately RMB91.7 million). The net profit from a discontinued operation amounted to approximately RMB0.7 million (2020: net loss approximately RMB0.7 million).
- The basic and diluted loss per share attributable to ordinary equity holders of the Company amounted to RMB0.96 cent (2020: basic and diluted loss per share of approximately RMB2.89 cent). The basic and diluted loss per share attributable to ordinary equity holders of the Company from continuing operations amounted to RMB0.97 cent (2020: basic and diluted loss per share of approximately RMB2.87 cent).

The board (the “**Board**”) of directors (the “**Directors**”) of ArtGo Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces the unaudited interim condensed financial information of the Company for the six months ended 30 June 2021 (“**Review Period**”). The Company’s interim results for the Review Period have been reviewed and approved by the audit committee under the Board (“**Audit Committee**”) and have been approved by the Board on 31 August 2021.

FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		For the six months ended 30 June	
		2021	2020
	Notes	RMB’000	RMB’000
		(Unaudited)	(Unaudited)
CONTINUING OPERATIONS			
Revenue	3	43,141	43,384
Cost of sales		<u>(29,454)</u>	<u>(31,238)</u>
Gross profit		13,687	12,146
Other income and gains	4	10,865	5,106
Selling and distribution expenses		(4,104)	(3,540)
Administrative expenses		(25,781)	(23,465)
Other expenses		(2,837)	(7,514)
Impairment loss on investment properties		(7,927)	(36,667)
Impairment loss on trade receivables	11	(1,137)	(13,388)
Finance costs	5	(22,752)	(24,374)
Share of losses of associates		<u>(142)</u>	<u>(35)</u>
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	6	(40,128)	(91,731)
Income tax	7	<u>(23)</u>	<u>19</u>
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		(40,151)	(91,712)
DISCONTINUED OPERATION			
Profit/(loss) for the period from a discontinued operation	16	<u>692</u>	<u>(711)</u>
LOSS FOR THE PERIOD		<u><u>(39,459)</u></u>	<u><u>(92,423)</u></u>

		For the six months ended 30 June	
		2021	2020
<i>Note</i>		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
— Basic and diluted	8		
— For loss for the period		<u>(RMB0.0096)</u>	<u>(RMB0.0289)</u>
— For loss from continuing operations		<u>(RMB0.0097)</u>	<u>(RMB0.0287)</u>
Loss for the period attributable to:			
Owners of the Company		(39,387)	(92,347)
Non-controlling interests		<u>(72)</u>	<u>(76)</u>
		<u>(39,459)</u>	<u>(92,423)</u>
Loss for the period		(39,459)	(92,423)
Other comprehensive loss			
<i>Items that will not be classified to profit or loss:</i>			
Exchange difference arising on translation to presentation currency		<u>—</u>	<u>—</u>
Total comprehensive loss for the period		<u>(39,459)</u>	<u>(92,423)</u>
Total comprehensive loss attributable to:			
Owners of the Company		(39,387)	(92,347)
Non-controlling interests		<u>(72)</u>	<u>(76)</u>
		<u>(39,459)</u>	<u>(92,423)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

		30 June 2021	31 December 2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	388,831	411,926
Investment properties	9	93,955	247,478
Right-of-use assets		286,549	284,844
Intangible assets		662,445	662,550
Prepayments, deposits and other receivables	10	4,534	4,641
Goodwill		—	—
Investments in associates		321,953	322,095
Payments in advance		23,474	22,621
Deferred tax assets		6,130	6,694
Restricted deposits		144	146
		<hr/>	<hr/>
Total non-current assets		1,788,015	1,962,995
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		54,025	57,193
Trade receivables	11	41,683	60,641
Prepayments, deposits and other receivables	10	58,370	69,918
Cash and bank balances		38,356	19,761
		<hr/>	<hr/>
		192,434	207,513
		<hr/>	<hr/>
Assets of disposal groups classified as held for sale	17	224,468	80,221
		<hr/>	<hr/>
Total current assets		416,902	287,734
		<hr/>	<hr/>

		30 June 2021	31 December 2020
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
CURRENT LIABILITIES			
Trade payables	12	26,993	35,074
Contract liabilities		10,868	6,116
Other payables and accruals	13	137,609	90,617
Tax payables		23,013	23,042
Lease liabilities		2,980	5,150
Interest-bearing bank and other borrowings	14	31,988	33,867
		233,451	193,866
Liabilities directly associated with the assets classified as held for sale	17	6,647	4,315
Total current liabilities		240,098	198,181
NET CURRENT ASSETS		176,804	89,553
TOTAL ASSETS LESS CURRENT LIABILITIES		1,964,819	2,052,548
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	14	277,354	350,873
Deferred tax liabilities		8,020	8,081
Deferred income	15	4,534	4,640
Lease liabilities		20,458	23,149
Provision for rehabilitation		17,689	17,157
Total non-current liabilities		328,055	403,900
Net assets		1,636,764	1,648,648
EQUITY			
Equity attributable to owners of the Company			
Issued capital		37,063	34,274
Reserves		1,506,434	1,521,035
		1,543,497	1,555,309
Non-controlling interests		93,267	93,339
Total equity		1,636,764	1,648,648

NOTES:

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's principal place of business in Hong Kong is located at Unit 1302, 13/F., Golden Centre, 188 Des Voeux Road Central, Hong Kong.

During the Review Period, the Group was principally engaged in the business of mining, processing, trading and sale of marble stones, calcium carbonate products, the trading of commodities and cargo handling, warehousing and logistics services.

2.1 BASIS OF PREPARATION

The unaudited interim condensed financial information for the Review Period has been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this unaudited interim condensed financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

2.3 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

In preparing this unaudited interim condensed financial information, the Group adopted the following new or revised standards, amendments and interpretations which are effective as of 1 January 2021 and relevant to the operations of the Group:

Amendments to IFRS 9, IAS 39,
IFRS 7 IFRS 4, IFRS 16

Interest Rate Benchmark Reform — Phase 2

The adoption of new or revised standards, amendments and interpretations does not have a material impact to the Group's results of operations or financial position.

3. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the net sales of goods sold, net of various types of government surcharges.

The Group's revenue and contribution to consolidated results are mainly derived from its sale of marble and marble related products and calcium carbonate products, commodity trading and logistics services which is consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment.

Entity-wide disclosures

Information about products

The following table sets forth the total revenue from external customers by product and the percentage of total revenue by product during the Review Period:

	For the six months ended 30 June			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	(Unaudited)		(Unaudited)	
Continuing operations				
Marble blocks	6,637	14.9	1,748	3.9
One-side-polished slabs	6,652	15.0	25,122	55.8
Cut-to-size slabs	7,171	16.2	—	—
Calcium carbonate products	22,681	51.1	16,514	36.7
Commodity trading	—	—	—	—
	43,141	97.2	43,384	96.4
Discontinued operation				
Logistics services	1,257	2.8	1,598	3.6
	44,398	100	44,982	100

Operating Segment Information

	For the six months ended 30 June 2021		
	Marble products	Commodity trading	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)
SEGMENT REVENUE	43,141	—	43,141
Segment results	(4,077)	—	(4,077)
Reconciliation:			
Interest income			15
Foreign currency gain, net			614
Finance costs (other than interest on lease liabilities)			(21,752)
Corporate and other unallocated expenses			(14,928)
Loss before tax from continuing operations			(40,128)

	For the six months ended 30 June 2020		
	Marble products <i>RMB'000</i> (Unaudited)	Commodity trading <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
SEGMENT REVENUE	43,384	–	43,384
Segment results	(17,368)	–	(17,368)
<i>Reconciliation:</i>			
Interest income			378
Foreign currency loss, net			(704)
Finance costs (other than interest on lease liabilities)			(24,200)
Corporate and other unallocated expenses			<u>(49,837)</u>
Loss before tax from continuing operations			<u><u>(91,731)</u></u>

Geographical information

The following table sets out information about the geographical locations of external customers from which the Group's revenue is derived during the Review Period. The geographical locations of customers are determined based on the locations at which the goods were delivered.

	For the six months ended 30 June	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
Domestic*:		
Mainland China	<u>43,141</u>	<u>43,384</u>
	<u>43,141</u>	<u>43,384</u>

* Place of domicile of the Group's principal subsidiaries, Jiangxi Jueshi (Yongfeng) Mining Co., Ltd. ("**Jueshi Mining**"), ArtGo Stone (Jiangxi) Co., Ltd. ("**ArtGo Stone**"), ArtGo Junqi (Shanghai) ("**Shanghai Junqi**"), ArtGo (Xuyi) Co. Ltd. ("**ArtGo Xuyi**"), ArtGo Junqi (Xiamen) ("**Xiamen Junqi**") and Jiangxi Keyue Technology Co., Ltd. ("**Jiangxi Keyue**").

As at the end of the Review Period, the Group's principal non-current assets were located in Mainland China.

Information about major customers

Revenue from major customers, each of whom accounted for 10% or more of the total revenue, is set out below:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	6,821	4,307
Customer B	6,637	8,483
Customer C	5,858	–
Customer D	–	13,189
	<u> </u>	<u> </u>

4. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Bank interest income (<i>Note 6</i>)	15	378
Government subsidy	1,829	1,330
Rental income (<i>Note 6</i>)	7,135	3,291
Deferred income released to profit or loss	106	105
Exchange gain, net (<i>Note 6</i>)	614	–
Gain on disposal of property, plant and equipment	602	–
Gain on deregistration of a subsidiary	253	–
Miscellaneous	311	2
	<u> </u>	<u> </u>
	<u>10,865</u>	<u>5,106</u>

5. FINANCE COSTS

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans	8,423	9,970
Unwinding of discount on rehabilitation	532	524
Interest on other borrowings	12,977	13,706
Interest on lease liabilities	820	174
	<u> </u>	<u> </u>
	<u>22,752</u>	<u>24,374</u>

6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

The Group's loss before tax from continuing operations was arrived at after charging/(crediting):

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	29,454	31,238
Employee benefit expense (including directors' and chief executive's remuneration)		
— Salary, wages and other benefits	7,635	7,122
— Equity-settled share option expense (note 18)	5,503	—
Depreciation of property, plant and equipment	10,270	3,948
Depreciation of investment properties	3,221	4,002
Amortisation of intangible assets	105	110
Depreciation of right-of-use assets	6,614	5,710
Lease payments not included in the measurement of lease liabilities	11	1,947
Impairment losses recognised in investment properties	7,927	36,667
Impairment losses recognised in trade receivables (note 11)	1,137	13,388
Auditor's remuneration	—	—
Foreign exchange (gain)/losses, net (note 4)	(614)	704
Bank interest income (note 4)	(15)	(378)
Rental income (note 4)	(7,135)	(3,291)

7. INCOME TAX

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current — Mainland China		
Charged for period	84	112
Overprovision in prior year	(564)	—
Deferred	503	(131)
Total tax expense/(credit) for the Review Period	23	(19)

Notes:

- Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- No provision for Hong Kong profits tax has been made as the Group had no taxable profits derived from or earned in Hong Kong during the Review Period.
- Pursuant to the income tax rules and regulations in the PRC, the subsidiaries located in Mainland China are liable to PRC corporate income tax at a rate of 25% on the assessable profits generated during the Review Period.

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of loss per share is based on the loss attributable to owners of the Company for the Review Period of RMB39,387,000 (six months ended 30 June 2020: loss of RMB92,346,671) and the weighted average number of ordinary shares of 4,120,081,209 (six months ended 30 June 2020: 3,196,033,498) in issue during the Review Period.

The diluted loss per share for the six months ended 30 June 2021 was the same as basic loss per share as there were no potential outstanding shares.

The computations of diluted loss per share for the six months ended 30 June 2020 do not assume the exercise of the Company's share options as they would reduce loss per share.

9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment with a cost of RMB4,040,000 (six months ended 30 June 2020: RMB19,889,000).

Items of property, plant and equipment with net carrying amount of RMB16,674,000 (six months ended 30 June 2020: RMB4,286,000) were disposed of during the six months ended 30 June 2021.

Investment properties

During the six months ended 30 June 2021 and 30 June 2020, there were no completed transactions of addition and disposal of investment properties.

During the six months end 30 June 2021, the carrying amount of RMB142,375,000 were transferred to assets of disposal group classified as held for sale.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
	<i>Note</i>		
<i>Current portion:</i>			
Prepayments in respect of:			
— Processing fee		4,901	—
— Purchase of materials and supplies		5,956	7,538
— Purchase of industrial goods		6,546	14,606
— Warehouse rental		24	187
— Service fee		324	—
Escrow funds		35,450	36,381
Deposits		1,388	1,451
Deductible input value-added tax		883	2,859
Performance security		3,000	3,000
Receivables under an operating lease		—	3,729
Other receivables		1,143	1,412
		<u>59,615</u>	<u>71,163</u>
Impairment allowance		<u>(1,245)</u>	<u>(1,245)</u>
		<u>58,370</u>	<u>69,918</u>
<i>Non-current portion:</i>			
Prepayments in respect of			
— Cultivated land used compensation	(a)	4,534	4,641
		<u>4,534</u>	<u>4,641</u>

Note:

- (a) The balance represents prepayments made to local authorities for occupation of the cultivated land at Yongfeng Mine. The prepayments will be charged to profit or loss on a straight-line method over the terms of the mining right.

11. TRADE RECEIVABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade receivables	96,734	114,673
Impairment	(55,051)	(54,032)
	<u>41,683</u>	<u>60,641</u>

Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables relate to a limited number of major customers, there is a concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at 30 June 2021 and 31 December 2020, based on the delivery date and net of provision, is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 1 month	3,918	4,863
1 to 3 months	7,499	1,977
3 to 6 months	2,964	1,936
6 to 12 months	1,987	16,715
Over 1 year	25,315	35,150
	<u>41,683</u>	<u>60,641</u>

The movement in provision for impairment of trade receivables is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
At the beginning of the period/year	54,032	33,644
Write-off	(118)	(811)
Impairment loss, net (<i>note 6</i>)	1,137	21,199
	<u>55,051</u>	<u>54,032</u>

12. TRADE PAYABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade payables	26,993	35,074

An ageing analysis of the trade payable as at 30 June 2021 and 31 December 2020, based on the invoice date or issue date, where appropriate, is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 1 month	2,586	1,365
1 to 2 months	3,560	983
2 to 3 months	759	15,307
Over 3 months	20,088	17,419
	26,993	35,074

The trade payables are non-interest-bearing and are normally settled within three months after the Company obtained the invoices issued by suppliers.

13. OTHER PAYABLES AND ACCRUALS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
<i>Current portion:</i>		
Payables relating to:		
Taxes other than income tax	31,620	31,528
Professional fees	9,079	10,737
Payroll and welfare	9,411	5,721
Purchase of property, plant and equipment	9,419	7,047
Deposit received for disposal of a subsidiary	45,000	–
Security deposit	510	1,886
Distributors' earnest money	1,905	1,745
Rental fees	2,880	4,794
Interest payables relating to:		
Bank loans and other borrowings	20,129	20,353
Purchase of mining rights	3,707	3,707
Others	3,949	3,099
	137,609	90,617

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Bank loans:		
Secured	18,650	13,990
Guaranteed	16,847	22,776
	<u>35,497</u>	<u>36,766</u>
Other borrowings:		
Secured and guaranteed	205,521	271,756
Unsecured	68,324	76,218
	<u>273,845</u>	<u>347,974</u>
Total bank and other borrowings	309,342	384,740
Portion classified as current liabilities	(31,988)	(33,867)
Non-current portion	<u>277,354</u>	<u>350,873</u>

15. DEFERRED INCOME

	<i>RMB'000</i>
Government grant	
At 1 January 2021 (Audited)	4,640
Released to profit or loss	<u>(106)</u>
At 30 June 2021 (Unaudited)	<u>4,534</u>

16. DISCONTINUED OPERATION

The Disposal Group is mainly engaged in warehousing and logistics. Pursuant to the investment committee resolution dated 12 December 2019, the Group has decided to dispose of the Disposal Group because it plans to focus its resources on its mining operations. Management has been in active discussions with the potential buyers for the proposed sale since December 2019. Since 31 December 2019, final negotiation for the sale were in progress and the Disposal Group was classified as a disposal group held for sale. With the Disposal Group being classified as a discontinued operation, the warehousing logistics business are no longer included for operating segment information.

The results of the Disposal Group for the period are presented below:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	1,257	1,598
Cost of sales	(174)	(1,758)
Gross profit/(loss)	1,083	(160)
Other gain	2	—
Administrative expenses	(390)	(682)
Other expenses	(3)	(18)
Profit/(loss) before tax from a discontinued operation	692	(860)
Income tax credit	—	149
Profit/(loss) for the period from a discontinued operation	692	(711)
	30 June	30 June
	2021	2020
	(Unaudited)	(Unaudited)
Earning/(loss) per share:		
— Basic and diluted from a discontinued operation	RMB0.0002	RMB(0.0002)
The calculations of basic and diluted earning/(loss) per share from the discontinued operation are based on:		
	2021	2020
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to ordinary equity holders of the parent from the discontinued operation	RMB692,000	RMB(711,000)
Weighted average number of ordinary shares in issue during the period used in the basic loss (note 8)	4,120,081,209	3,196,033,498

17. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Total assets classified as held for sale		
Shiny Goal Holdings Limited and its subsidiaries ("Shiny Group")	79,541	80,221
Genpex Investment Limited	63,576	–
Shanghai Yunyi Enterprise Management Co., Ltd.	81,351	–
Total	<u>224,468</u>	<u>80,221</u>
Total liabilities classified as held for sale		
Shiny Group	(4,246)	(4,315)
Genpex Investment Limited	(76)	–
Shanghai Yunyi Enterprise Management Co., Ltd.	(2,325)	–
Total	<u>(6,647)</u>	<u>(4,315)</u>

Shiny Group

Pursuant to the investment committee resolution dated 12 December 2019, the Group has decided to dispose of the Shiny Group because it plans to focus its resources on its mining operations. Management has been in active discussions with the potential buyers for the proposed sale since December 2019. Since 31 December 2019, final negotiation for the sale were in progress and the Shiny Group was classified as a disposal group held for sale.

The assets and liabilities of Shiny Group as at 30 June 2021 and 31 December 2020 are as follows:

	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Assets		
Right-of-use assets	47,422	47,422
Property, plant and equipment	31,512	31,512
Prepayments, other receivables and other assets	67	681
Trade receivables	430	416
Restricted deposits	109	105
Cash and bank balances	1	85
Assets classified as held for sale	<u>79,541</u>	<u>80,221</u>
Liabilities		
Deferred tax liabilities	(3,980)	(3,980)
Other payables and accruals	(220)	(201)
Contract liabilities	–	(88)
Trade payables	(46)	(46)
Liabilities directly associated with the assets classified as held for sale	<u>(4,246)</u>	<u>(4,315)</u>

Genpex Investment Limited

On 21 June 2021, a subsidiary of the Group entered into an agreement with an independent third party to dispose of 100% equity interest in a subsidiary, namely Genpex Investment Limited, for consideration of RMB63,500,000.

Genpex Investment Limited is principally engaged in property holding. Management concluded that the assets and liabilities of Genpex Investment Limited should be classified as held for sale as at 30 June 2021 as the disposal was completed on 19 July 2021.

The assets and liabilities of Genpex Investment Limited as at 30 June 2021 are as follows:

	<i>RMB'000</i>
Investment properties	63,576
Total assets of disposal company classifies as held for sale	<u>63,576</u>
Other payables	(76)
Liabilities directly associated with the assets classifies as held for sale	<u>(76)</u>

Shanghai Yunyi Enterprise Management Co., Ltd.

On 6 May 2021, a subsidiary of the Group entered into an agreement with an independent third party to dispose of 51% equity interest in a subsidiary, namely Shanghai Yunyi Enterprise Management Co., Ltd., for consideration of RMB45,000,000.

Shanghai Yunyi Enterprise Management Co., Ltd. is 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. Management concluded that the assets and liabilities of Shanghai Yunyi Enterprise Management Co., Ltd. should be classified as held for sale as at 30 June 2021 as the disposal was completed on 27 July 2021.

The assets and liabilities of Shanghai Yunyi Enterprise Management Co., Ltd. as at 30 June 2021 are as follows:

	<i>RMB'000</i>
Property, plant and equipment	191
Investment properties	78,799
Right-of-use assets	1,995
Inventories	361
Cash and bank balances	5
Total assets of disposal company classifies as held for sale	<u>81,351</u>
Lease liabilities	(2,325)
Liabilities directly associated with the assets classifies as held for sale	<u>(2,325)</u>

18. SHARE OPTION SCHEMES

On 9 December 2013, the Share Option Scheme was conditionally adopted by the Company and came into effect on 30 December 2013. The purpose of the Share Option Scheme is to enable the Company to grant options to eligible participants as incentives or rewards for their contribution to the Group.

The following share options were granted and exercise outstanding during the Review Period:

	<i>Note</i>	Exercise price HK\$ per share	Number of options
As at 1 January 2021			–
Granted on 14 January 2021	(a)	0.08	336,069,772
Exercised during the Review Period		0.08	<u>(336,069,772)</u>
As at 30 June 2021			<u>–</u>

- (a) The options to subscribe for a total of 336,069,772 shares with a nominal value of HK\$0.01 each in the share capital of the Company were granted under the Share Option Scheme at exercise prices of HK\$0.08. The related equity-settled share option expenses in the amount of approximately RMB5.5 million were fully charged to the profit and loss account during the Review Period (note 6).

19. DIVIDENDS

At a meeting of the Board held on 31 August 2021, the Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

General

In the first half of 2021, the COVID-19 pandemic and the severe political tension between China and US were still continuingly creating a significant impact on the PRC economy and the global economy. To fight against the epidemic, the PRC government implemented various prevention and control measures throughout the country particularly very strict quarantine control and compulsory virus testing at the borders and in different cities in various provinces. The Group's overall business activities and its operating environments were inevitably affected to a certain extent.

Marble and Mining and Calcium Carbonate Business

The Group's marble stone product business is part of the supply chain of the construction industry, which, to a large extent, has not been fully recovered from the pandemic (and so as the overall business of the Group). During the Review Period, property developers in China were facing a very tight debt level control (so called “**Three Red Lines**”) imposed by the Central Bank in China. As such, most property developers are focusing on clearing up their inventory to reduce their debt levels instead of developing new projects. Under such circumstances, the management of the Group has been operating its business very cautiously during the Review Period. The Group's revenue from its continuing operations during the Review Period remained steady (with less than 1% decrease) as compared with last year's corresponding period.

With the successful experience in renewing a new mining license of our Yongfeng Mine in 2020, during the review period, managements of the Group's different mines have continued their work closely under the guidance 《關於加快建設綠色礦山的實施意見》 published by various central government bureaus and 《砂石行業綠色礦山建設規範》 issued by the PRC Ministry of Natural Resources in order to fulfill the required standard before renewed mining certificates can be officially issued or large-scale mining activities can be commenced. Substantial works at the site of our mines such as redesigning of marble block transportation and deposit yard arrangement, mine site and side slop plantation, mine site sewage treatment system and gravel treatment centre construction etc. have been completed or in progress. With the outbreak of COVID-19, some works were unavoidably behind schedule. With the resumption of work in different sites, the Group wish the excavation activity can be recommenced once the rectification and optimization works meet the standard laid down by the government authorities. In the meantime, we continued, selling and processing our old inventory, and sourcing different types of marble blocks from other mines operators for processing into slabs to enrich our product line for sale before a full recommencement of excavation activity of our own mines.

Apart from the marble business, our marble downstream calcium carbonate business also faced a similar situation. Having said that, the calcium carbonate business contributed an aggregate of approximately RMB22.7 million to the Group's revenue as compared to RMB16.5 million in the corresponding period in last year.

Commodities Trading Business

Apart from the impact of the COVID-19 pandemic, the deterioration of the China-US relationship following the trade war between these two giant economies has added tremendous uncertainties and risks to the business world. With such business climate in the period, the Group decided withholding any further commodities trading transactions until it is manageable to conduct such activities. As such, the Group does not record any revenue from this business segment during the Review Period.

Warehouse Logistics Business

In late December 2019, after reviewing the warehouse logistics segment's business environment and its operation performance, the Group decided to abandon this business segment so that the Group can better utilise the resources to its other business segments. Due to the outbreak of the COVID-19 pandemic, the negotiation for the disposal and the due diligent works being conducted by the potential buyer has experienced certain delay due to the lockdowns and travel restrictions. The related works were ongoing at the date of this announcement and the Group will update the progress in due course.

Investment Properties

The Group owns eight properties which are classified as investment properties. Five of the properties are commercial properties whereas the other three are residential properties situated in luxury locations in Shanghai, the PRC. With the uncertainty on the property market, the Group disposed of its 51% equity interests in the five commercial properties and 100% equity interests in one of the three residential properties in May 2021 and June 2021 respectively, generating an aggregate amount of gross proceeds of RMB108.5 million, for the purpose of allocating more resources to focus on its core business as well as to reduce its debt levels. Both disposal transactions were completed in July 2021. The Group will constantly review its investment strategy and, where appropriate, may adjust the strategy accordingly.

RESOURCES AND RESERVES

Shangri-La Mine

Our Shangri-La Mine is located at Xianggelila City of Yunnan Province, the PRC. The table below summarizes key information related to our current mining permit for the Shangri-La Mine.

Holder	Shangri-La Stone Co., Ltd
Nature of resource	marble
Covered area	approximately 0.1649 square kilometer
Issuance date	March 2018
Expiration date	March 2021
Permitted production volume	50,000 cubic meters per annum

The Yunnan Province Bureau of Land and Resources assessed a mining right fee of RMB0.56 million for a period of every three years.

The table below summarizes the marble resources of Shangri-La Mine estimated as of 30 June 2021 according to Chinese Standards.

Resources	<i>Millions of cubic meters</i>
Indicated	2.2
Inferred	0.3
Total	<u>2.5</u>

During the Review Period, the Shangri-La Mine did not have exploration, development and production activities.

The management has been working on the application process for further renewing the mining license of the Shangri-La Mine.

Dejiang Mine

Our Dejiang Mine is located at Guan Jia Fen, Dejiang Town of Guizhou Province, the PRC. The table below summarizes key information related to our current mining permit for the Dejiang Mine.

Holder	Guizhou County Dejiang SanXin Stone Co., Ltd
Nature of resource	marble
Covered area	approximately 0.252 square kilometre
Issuance date	1 July 2015
Expiration date	1 January 2019
Permitted production volume	30,000 cubic meters per annum

The Guizhou Province Bureau of Land and Resources assessed a mining right fee of RMB0.55 million for a period of every three and a half year.

The application for further renewal of the mining license of the Dejiang Mine has been approved by relevant authorities in 2019 and pending the issue of the renewed mining licence.

The following table summarizes the marble resources of our Dejiang Mine, estimated as of 30 June 2021 under Chinese Standards.

Resources	<i>Millions of cubic meters</i>
Indicated	1.3
Inferred	0.8
Total	<u>2.1</u>

The Group did not have exploration, development and production activities for Dejiang Mine during the Review Period.

Yongfeng Mine

Our Yongfeng Mine is located in the Yongfeng County of Jiangxi Province, the PRC and is connected by a 72-kilometer county road to the Yongfeng exit of a newly constructed expressway, which connects us to China's national transportation system. The table below summarizes key information related to our current mining permit for the Yongfeng Mine.

Holder	Jiangxi Jueshi (Yongfeng) Mining Co., Ltd.
Nature of resource	marble
Covered area	approximately 2.0 square kilometer
Issuance date	5 June 2020
Expiration date	5 June 2030
Permitted production volume	1,100,000 cubic meters per annum

The Jiangxi Province Bureau of Land and Resources assessed a mining right fee of RMB55.8 million for a period of 30 years. The mining right fee was fully paid in 2019. We obtained a mining permit with an initial term of five years from 5 February 2013 to 5 February 2018 and was further extended to 5 June 2020. The term of our mining can be extended up to 30 years from the date of issue of the first mining permit on 5 February 2013 according to applicable PRC laws and regulations. In 2020, we obtained the renewed official mining permit with a valid period of 10 years from 5 June 2020 to 5 June 2030. The annual permitted production volume was expanded from 0.25 million cubic meters to 1.1 million cubic meters.

The following table summarizes the marble resources and reserves of our Yongfeng Mine, estimated as of 30 June 2021 under the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (“**JORC Code**”).

Resources	<i>Millions of cubic meters</i>
Measured	51.2
Indicated	46.6
Inferred	8.8
Total	106.6
Reserves	<i>Millions of cubic meters</i>
Proved	23.0
Probable	21.0
Total	44.0

The estimated resources and reserves of the Yongfeng Mine as of 30 June 2021 were arrived after taking into account the estimated resources and reserves of the Yongfeng Mine as of 30 September 2013 minus the amount of extraction in the course of the Group's normal and routine mining activities carried out during the period from 1 October 2013 to 30 June 2021 and have been substantiated by Mr. NIE Zhiqiang, the vice president of Jueshi Mining, our wholly-owned subsidiary, who has over 25 years of experience in mining production (including exploration and extraction process). For details of the biographical information of Mr. NIE Zhiqiang, please refer to the prospectus of the Company dated 16 December 2013 (the "**Prospectus**").

The estimated resources and reserves of Yongfeng Mine as of both 30 September 2013 (as disclosed in the Prospectus) and 30 June 2021 (as disclosed in this announcement) were based on the resources and reserves under the JORC Code, i.e. there was no change in the reporting standard used in arriving at these estimates on the respective dates. The methods used to estimate mineral resources and the parameters used for the estimated resources and reserves of the Company as of 30 September 2013 and 30 June 2021 were identical.

The Group did not have exploration, development and production activities for Yongfeng Mine in the Review Period. The management has been making various preparations with a target to commence its excavation activity in the fourth quarter this year.

Zhangxi Mine

Located at Yongfeng County of Jiangxi Province, the PRC, about 50 km from the expressway from Fuzhou via Yongfeng to Ji'an, Zhangxi Mine enjoys an access to Changning (Nanchang — Ningdu) expressway which is already open to traffic, thus making it possible for the Group to get connected to China's national transportation system. The table below summarizes key information related to our current mining permit for the Zhangxi Mine.

Holder	Jiangxi Jueshi (Ji'an) Mining Co., Ltd
Nature of resource	marble
Covered area	approximately 0.7 square kilometre
Issuance date	23 July 2015
Expiration date	23 July 2018
Permitted production volume	20,000 cubic metres per annum

Yongfeng County Natural Resources Bureau (the “**Yongfeng Bureau**”) has agreed to expand the existing mining area of the Zhangxi Mine which is also under Yongfeng Bureau’s administration. The Group is in the process of applying for renewal of the mining license of the Zhangxi Mine with the expanded mining area and increased marble resources with the Yongfeng Bureau. As it was indicated by the Yongfeng Bureau for the above arrangement, the Group consider the renewal of mining license will be approved and granted upon satisfaction of the other administrative and basic requirements. The Group has engaged a geological exploration service provider to perform a detail geological exploration on the proposed expanded site. The Group keeps monitoring the progress in respect of the renewal and consider that there is no material barrier for the Group to renew such mining license.

The Jiangxi Province Bureau of Land and Resources assessed a mining right fee of RMB1.615 million for a period of three years.

The table below summarizes the marble resources of the existing site of Zhangxi Mine estimated as of 30 June 2021 according to Chinese Standards.

Resources	<i>Millions of cubic meters</i>
Measured	7.1
Indicated	18.4
Inferred	4.2
	<hr/>
Total	29.7
	<hr/> <hr/>

The Group did not have exploration, development and production activities for Zhangxi Mine in the Review Period.

Lichuan Mine

The Lichuan Mine is located at Shaxi County, Lichuan, Hubei Province, the PRC. The table below summarizes key information related to the current mining permit for the Lichuan Mine.

Holder	Lichuan Lotus Construction Materials Co., Ltd
Nature of resource	marble
Covered area	approximately 1.5 square kilometre
Issuance date	22 August 2018
Expiration date	22 August 2023
Permitted production volume	13,000 tons per annum

The Hubei Province Bureau of Land and Resources assessed a mining right fee of RMB0.166 million for a period of five years.

The table below summarizes the marble resources of Lichuan Mine estimated as of 30 June 2021 according to Chinese Standards.

Resources	<i>Millions of cubic meters</i>
Indicated	3.88
Inferred	0.67
Total	<u>4.55</u>

The Group did not have exploration, development and production activities for Lichuan Mine in the Review Period.

FINANCIAL REVIEW

REVENUE

During the Review Period, the Group recorded an operating revenue of approximately RMB44.4 million from both of its continuing and discontinued operations, representing a slight decrease of 1.3% or approximately RMB0.6 million compared to the corresponding period of the previous year. The sales of calcium carbonate products contributes 51.1% or approximately RMB22.7 million to the Group's total revenue.

(a) Sales by product categories

The following table sets out the breakdown of the Group's sales and the percentage of sales by product categories:

	For the six months ended 30 June			
	2021		2020	
	(Unaudited)		(Unaudited)	
	RMB'000	%	RMB'000	%
Marble blocks	6,637	14.9	1,748	3.9
One-side-polished slabs	6,652	15.0	25,122	55.8
Cut-to-size slabs	7,171	16.2	—	—
Calcium carbonate products	22,681	51.1	16,514	36.7
Commodity trading	—	—	—	—
Revenue from continuing operations	43,141	97.2	43,384	96.4
Logistics	1,257	2.8	1,598	3.6
Revenue from discontinued operation	1,257	2.8	1,598	3.6
Total	44,398	100.0	44,982	100.0

(b) Sales by Volume and Average Selling Price

The following table sets out the sales volume and average selling prices of marble blocks, one-side-polished slabs, cut-to-size slabs and calcium carbonate products:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Sales volume		
Marble blocks (m ³)	1,500	623
One-side-polished slabs (m ²)	18,157	217,216
Cut-to-size slabs (m ²)	71,822	–
Calcium carbonate products (Ton)	74,067	46,567
Average selling price		
Marble blocks (RMB/m ³)	4,425	2,806
One-side-polished slabs (RMB/m ²)	366	116
Cut-to-size slabs (RMB/m ²)	100	–
Calcium carbonate products (RMB/Ton)	306	355

The unit selling price of marble blocks increased by approximately 58% comparing to that of the corresponding period of 2020 because there were sale promotion activities in the first half of 2020 for selling low-priced aged inventory. Such activities has been continued in the Review Period but shifted to high-priced and high-costed aged inventory.

The unit selling price of one-side-polished slabs increased by approximately 216% comparing to that of the corresponding period of 2020 because there were sale promotion activities in the first half of 2020 for selling large volume of low-priced aged inventory. Such activities were completed in the Review Period and selling prices went back to normal level (resulting in sale volume dropped significantly in the Review Period as compared with the corresponding period in 2020).

The unit selling price of calcium carbonate products was RMB306 per ton for the six months ended 30 June 2021 which was approximately 14% lower than that in 2020 of RMB355 per ton because more low-priced products were promoted and sold for the purpose of increasing the market share.

COST OF SALES

In the Review Period, the Group's cost of sales from continuing operations amounted to approximately RMB29.5 million, including the cost of marble stone products of RMB12.4 million and the cost of calcium carbonate products of RMB17.1 million, which represented approximately 42.0% and 58.0% of the total cost of sale from continuing operations respectively. The cost of sale from discontinued operation was approximately RMB0.17 million. In spite of small drop (0.6%) in sales during the Review Period as compared to that of 2020, the cost of sales from continuing operations decreased by 5.7% as the Group was able to access lower raw material costs under the pandemic situations.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit of the Group from continuing operations in the Review Period increased by approximately RMB1.5 million as compared to that of corresponding period of 2020. The gross profit margin in the Review Period was approximately 31.7%, while the gross profit margin in corresponding period of 2020 was approximately 28.0%. The gross profit margin of the sales of the Group in the Review Period increased as compared to that of 2020 is mainly attributable to the increase in average gross profit margin in both marble stone products and calcium carbonate products, as the Group was able to access lower raw material costs under the pandemic situations and larger proportion of low-priced and/or low margin marble stone products were sold in the corresponding period of 2020 for clearing up aged inventory.

OTHER INCOME AND GAINS

Other income and gains mainly attributable to the rental income generated from the investment properties in the PRC and government subsidy. Rental income and government subsidy for the review period amounted to RMB7.1 million and RMB1.8 million respectively.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses, mainly comprised of salaries of the Group's sales and distribution staff, travelling expenses, advertising costs and transportation costs, were approximately RMB4.1 million, representing approximately 9.5% of the revenue in the Review Period, while the selling and distribution expenses of RMB3.5 million in the corresponding period in 2020 accounted for approximately 8.2% of the revenue in the corresponding period in 2020. The selling and distribution expenses in the Review Period were increased by approximately RMB0.6 million due to higher transportation cost being incurred in calcium carbonate products. Such increase was in line with the increase of sale activities and sale volume of calcium carbonate products.

ADMINISTRATIVE EXPENSES

Administrative expenses amounted to approximately RMB25.8 million, mainly comprised of salaries of administrative staff, office rental expense, consultant fees, other professional fee depreciation of property, plant and equipment and amortization, accounting for approximately 59.8% of the revenue in the Review Period. The overall administrative expenses were RMB23.5 million in the corresponding period in 2020, accounting for approximately 54.1% of the revenue for the corresponding period in 2020. The overall administrative expenses in the Review Period were increased by RMB2.3 million compared to that of the corresponding period. Such increase was mainly due to the grant of 336,069,772 share options in January 2021, value of such granted share options was fully accounted for in the Review Period.

FINANCE COSTS

Finance costs mainly included interests on bank loans and other borrowings. The finance costs decreased by RMB1.6 million from RMB24.4 million in the corresponding period in 2020 to approximately RMB22.8 million mainly due to the decrease in overall borrowings during the Review Period.

IMPAIRMENT LOSSES

As a consequence of the outbreak of COVID-19 pandemic and the intensified China-US relationship which led to a deteriorated business environment, the Group conducted an impairment review on the investment properties and its trade receivables in the first half of 2020. Based on the reviews, impairment losses of RMB36.7 million and RMB13.4 million were recognised in respect of investment properties and trade receivable respectively.

The impairment losses on investment properties and trade receivables for the Review Period were RMB7.9 million and RMB1.1 million respectively. The substantial decrease of such impairment losses was because most of the negative impacts of the COVID-19 pandemic on the impairment of the investment properties and trade receivables were reflected in the impairment review in the first half of 2020.

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 30 June 2021, the total number of full-time employees of the Group was 195 (as at 30 June 2020: 163). Total employee costs (including the directors' remunerations, but excluding equity-settled share option expense) amounted to approximately RMB7.6 million for the Review Period (for the six months ended 30 June 2020: approximately RMB7.1 million). Taking into account of the strategic goal of the Group, operating results, efforts and contributions made by each of the 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 the corresponding qualifications and abilities, and adjustments are made according to varied percentage, and the staff costs had an increase of 7.0% in the Review Period mainly due to the increase of employee number. The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees including the Directors with reference to individual performance and current market salary scale.

PROFITS AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE REVIEW PERIOD

The net loss attributable to owners of the Company during the Review Period amounted to approximately RMB39.4 million compared to net loss of RMB92.3 million for the corresponding period in 2020. The reasons for the drop in net loss are mainly due to the net effect of (i) substantial decrease in impairment losses on investment properties and trade receivables by approximately RMB41.0 million in total; (ii) increase in other income and gains by approximately RMB5.8 million; and (iii) decrease in other expenses by approximately RMB4.8 million during the Review Period.

NET CURRENT ASSETS

As at ended 30 June 2021, the Group has net current assets of approximately RMB176.8 million (31 December 2020: the net current assets of the Group was approximately RMB89.6 million).

CURRENT RATIO

The current ratio, being current assets over current liabilities, was 1.74 as at 30 June 2021 (31 December 2020: 1.45). The current ratio increased during the Review Period.

BORROWINGS

As at 30 June 2021, the Group had total borrowings of approximately RMB309.3 million (31 December 2020: RMB384.7 million). During the Review Period, the net amount decreased in borrowings is approximately RMB75.4 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 loans and other loans and it excludes liabilities incurred for working capital purposes. As at 30 June 2021, the gearing ratio was approximately 16.5% (31 December 2020: approximately 22.1%).

CAPITAL STRUCTURE

The Company has 4,368,767,501 ordinary shares in issue as at 30 June 2021.

During the Review Period, 336,069,772 new shares were issued by the Company upon exercise of 336,069,772 options which were granted on 14 January 2021 under the Share Option Scheme at exercises price of HK\$0.08. Gross proceeds of HK\$26.9 million was received by the Company from such exercise of options and such proceeds has been used for administration expenses such as payroll and rental, etc.

CAPITAL EXPENDITURE

The Group's ability to maintain and increase its sales and profits depends upon continued capital spending. Capital expenditures are used to purchase mining rights, land, property, plant and equipment. For the Review Period, the Group's expenditure for purchase of property, plant and equipment amount to RMB4.0 million.

FOREIGN EXCHANGE EXPOSURE

The Group's businesses are located in Mainland China and most of the transactions were denominated in RMB, except for an amount due to the certain cash at banks which are denominated in HK\$. As such, the Group has limited exposure to any significant foreign currency exchange risks. The Board does not expect any material impact on the Group's operations caused by any foreign currency fluctuations. No financial instruments were employed by the Group for hedging purpose during the Review Period.

PLEDGE OF ASSETS

As at 30 June 2021, the Group pledged property, plant and equipment of approximately RMB28.1 million; leasehold land of approximately RMB63.7 million, mining rights of RMB282.1 million and interest in associate of RMB279.7 million to secured the bank and other borrowings.

IMPORTANT EVENTS OCCURRED AFTER REVIEW PERIOD

Other than the completion of two disposals of controlling equity interests in two investment property holding companies in July 2021, there was no important event occurred after the Review Period.

OUTLOOK

Looking forward to the future, there are still uncertainties and challenges in the PRC and the global economy. The Group believe the influence of the pandemic to the operation of the Group will be diminishing given the effectiveness of the PRC government's afford in dealing with the epidemic and the vaccination of majority population in the Greater China area. Nevertheless, the increasing tension between China and US and the trade war between them remain a concern to the business world. The Group will keep monitoring the development of COVID-19 and assessing the impact of the pandemic on the Group's financial position and operating results and adopt its business plans in response to the everchanging business environment. Meanwhile, the Group will continue identifying any project or business which is beneficial to the Group and its shareholders as a whole.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of our Shareholders and to enhance the corporate value, accountability and transparency of the Company. The Company has applied the principles and complied with the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2021 except for the following deviation.

From 1 December 2016, Mr. GU Weiwen has been re-designated and appointed as vice chairman of the Board, and Ms. WU Jing has been appointed as the Acting Chief Executive Officer. Upon the appointment of Ms. Wu as the Acting Chief Executive Officer, Ms. Wu assumes both the roles as the Chairman and the chief executive officer of the Company in deviation from code provision A.2.1 of the CG Code. Despite so, in view of the present rapid development of the Group and further expansion of its downstream business, the Board needs the experience of Mr. Gu in doing his Vice Chairman work and the Board believes that Mr. Gu and Ms. Wu's extensive experience and knowledge, together with the support of the management shall strengthen the solid and consistent leadership and thereby vesting the roles of both Chairman and the Acting Chief Executive Officer in Ms. Wu allows efficient business planning and decision which is in the best interest of the business development of the Group. The Company will periodically review and improve its corporate governance practices with reference to the latest development of corporate governance.

NON-COMPLIANCE WITH LISTING RULES

There was no non-compliance with the Listing Rules during the review period ended 30 June 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the required standards of dealings as set out in the Model Code throughout the six months ended 30 June 2021.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely, Ms. LUNG Yuet Kwan (as chairman), Mr. HUI Yat On and Mr. ZHAI Feiquan. The Audit Committee has adopted the terms of reference in compliance with the CG Code. The Audit Committee has in conjunction with the management of the Company reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of this results announcement and the interim reports of the Company as well as the interim condensed financial information of the Group for the six months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2021.

PUBLICATION OF 2021 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the Company’s website (www.artgo.cn) and the Stock Exchange’s website (www.hkexnews.com.hk). The Company’s 2021 Interim Report will be made available on the websites of the Company and Stock Exchange and will be dispatched to the Company’s shareholders in due course.

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

Hong Kong, 31 August 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.