

*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 2022**

#### **RESULTS HIGHLIGHTS**

- The revenue of the Group for the six months ended 30 June 2022 amounted to approximately RMB26.9 million (2021: approximately RMB44.4 million), representing a decrease of 39.3% or approximately RMB17.5 million.
- The loss before tax of the Group for the six months ended 30 June 2022 amounted to approximately RMB36.4 million (2021: approximately RMB39.4 million), representing a decrease in loss of approximately RMB3.0 million.
- The Group's net loss for the six months ended 30 June 2022 amounted to approximately RMB36.2 million (2021: approximately RMB39.5 million).
- The basic and diluted loss per share attributable to ordinary equity holders of the Company amounted to RMB0.80 cent (2021: basic and diluted loss per share of approximately RMB0.96 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 2022 (“**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 2022.

## FINANCIAL INFORMATION

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

*For the six months ended 30 June 2022*

	<i>Notes</i>	<b>For the six months ended 30 June</b>	
		<b>2022</b>	2021
		<b>RMB’000</b>	RMB’000
		<b>(Unaudited)</b>	(Unaudited)
			(Re-presented)
<b>Revenue</b>	3	<b>26,940</b>	44,398
Cost of sales		<u>(20,259)</u>	<u>(29,628)</u>
<b>Gross profit</b>		<b>6,681</b>	14,770
Other income and gains	4	<b>6,813</b>	10,867
Selling and distribution expenses		<b>(3,728)</b>	(4,104)
Administrative expenses		<b>(24,144)</b>	(26,171)
Other expenses		<b>(4,770)</b>	(2,840)
Impairment loss on investment properties		–	(7,927)
Impairment loss on trade and bills receivables	11	<b>(183)</b>	(1,137)
Impairment loss on other receivables		<b>(40)</b>	–
Finance costs	5	<b>(15,198)</b>	(22,752)
Share of losses of associates		<u><b>(1,878)</b></u>	<u>(142)</u>
<b>LOSS BEFORE TAX</b>	6	<b>(36,447)</b>	(39,436)
Income tax	7	<u><b>205</b></u>	<u>(23)</u>
<b>LOSS FOR THE PERIOD</b>		<u><b>(36,242)</b></u>	<u>(39,459)</u>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:</b>	8		
— Basic and diluted			
— For loss for the period		<u><b>(RMB0.0080)</b></u>	<u>(RMB0.0096)</u>

		<b>For the six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
<i>Notes</i>		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
			<b>(Re-presented)</b>
<b>Loss for the period attributable to:</b>			
Owners of the Company		<b>(36,200)</b>	(39,387)
Non-controlling interests		<b>(42)</b>	(72)
		<u><b>(36,242)</b></u>	<u>(39,459)</u>
<b>Loss for the period</b>		<b>(36,242)</b>	(39,459)
<b>Other comprehensive loss</b>			
<i>Items that will not be classified to profit or loss:</i>			
Exchange difference arising on translation to presentation currency		<u>—</u>	<u>—</u>
<b>Total comprehensive loss for the period</b>		<u><b>(36,242)</b></u>	<u>(39,459)</u>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		<b>(36,200)</b>	(39,387)
Non-controlling interests		<b>(42)</b>	(72)
		<u><b>(36,242)</b></u>	<u>(39,459)</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		<b>30 June 2022</b>	31 December 2021
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	<b>460,540</b>	452,379
Investment properties	9	<b>20,991</b>	21,323
Right-of-use assets		<b>284,874</b>	289,107
Intangible assets		<b>662,219</b>	662,325
Prepayments, deposits and other receivables	10	<b>4,325</b>	4,430
Investments in associates		<b>92,063</b>	93,941
Deferred tax assets		<b>1,102</b>	924
Total non-current assets		<b>1,526,114</b>	1,524,429
<b>CURRENT ASSETS</b>			
Inventories		<b>66,589</b>	59,855
Trade and bills receivables	11	<b>26,705</b>	26,424
Prepayments, deposits and other receivables	10	<b>78,877</b>	89,598
Restricted deposits		<b>15,003</b>	15,457
Cash and bank balances		<b>23,206</b>	23,088
Total current assets		<b>210,380</b>	214,422
<b>CURRENT LIABILITIES</b>			
Trade payables	12	<b>31,077</b>	16,380
Contract liabilities		<b>3,124</b>	2,571
Other payables and accruals	13	<b>119,717</b>	117,273
Tax payables		<b>21,329</b>	21,328
Lease liabilities		<b>1,569</b>	1,117
Interest-bearing bank and other borrowings	14	<b>20,980</b>	23,880
Total current liabilities		<b>197,796</b>	182,549
<b>NET CURRENT ASSETS</b>		<b>12,584</b>	31,873
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,538,698</b>	1,556,302

		<b>30 June 2022</b>	31 December 2021
	<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	14	<b>271,355</b>	261,340
Deferred tax liabilities		<b>8,265</b>	8,291
Deferred income	15	<b>4,324</b>	4,429
Lease liabilities		<b>584</b>	772
Provision for rehabilitation		<b>18,803</b>	18,237
		<hr/>	<hr/>
Total non-current liabilities		<b>303,331</b>	293,069
		<hr/>	<hr/>
Net assets		<b>1,235,367</b>	1,263,233
		<hr/>	<hr/>
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Issued capital		<b>39,274</b>	37,063
Reserves		<b>1,102,911</b>	1,132,946
		<hr/>	<hr/>
		<b>1,142,185</b>	1,170,009
Non-controlling interests		<b>93,182</b>	93,224
		<hr/>	<hr/>
Total equity		<b>1,235,367</b>	1,263,233
		<hr/>	<hr/>

## **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 2021.

### **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 2021.

### **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 2022 and relevant to the operations of the Group:

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.

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Costs of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018–2020

### 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 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 2022		2021	
	<i>RMB'000</i> (Unaudited)	%	<i>RMB'000</i> (Unaudited) (Represented)	%
Marble stone products	1,111	4.1	20,460	46.1
Calcium carbonate products	25,489	94.6	22,681	51.1
Revenue from segment of marble products	26,600	98.7	43,141	97.2
Logistics and warehousing services	340	1.3	1,257	2.8
Total	26,940	100	44,398	100

##### *Operating Segment Information*

	For the six months ended 30 June 2022		
	Marble products <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
SEGMENT REVENUE	26,600	340	26,940
Segment results	(14,568)	(658)	(15,226)
Reconciliation:			
Interest income			38
Foreign currency loss, net			(431)
Finance costs (other than interest on lease liabilities)			(15,147)
Corporate and other unallocated expenses			(5,681)
Loss before tax			(36,447)

	For the six months ended 30 June 2021		
	Marble products <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited) (Represented)	Total <i>RMB'000</i> (Unaudited) (Represented)
SEGMENT REVENUE	43,141	1,257	44,398
<b>Segment results</b>	(4,077)	692	(3,385)
<i>Reconciliation:</i>			
Interest income			15
Foreign currency gain, net			614
Finance costs (other than interest on lease liabilities)			(21,752)
Corporate and other unallocated expenses			<u>(14,928)</u>
Loss before tax			<u><u>(39,436)</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	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited) (Represented)
Domestic*:		
Mainland China	<u>26,940</u>	<u>44,398</u>
	<u><b>26,940</b></u>	<u><b>44,398</b></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	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Customer A	2,732	6,821
Customer B	N/A*	6,637
Customer C	N/A*	5,858
Customer D	6,538	N/A*

\* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

## 4. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited) (Represented)
Bank interest income ( <i>Note 6</i> )	38	17
Government subsidy	1,168	1,829
Rental income ( <i>Note 6</i> )	990	7,135
Deferred income released to profit or loss	105	106
Exchange gain, net ( <i>Note 6</i> )	–	614
Gain on disposal of property, plant and equipment	–	602
Gain on disposal/deregistration of non-operating subsidiaries	4,491	253
Miscellaneous	21	311
	<u>6,813</u>	<u>10,867</u>

## 5. FINANCE COSTS

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans	8,021	8,423
Unwinding of discount on rehabilitation	566	532
Interest on other borrowings	6,560	12,977
Interest on lease liabilities	51	820
	<u>15,198</u>	<u>22,752</u>

## 6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Represented)
Cost of inventories sold	20,259	29,628
Employee benefit expense (including directors' and chief executive's remuneration)		
— Salary, wages and other benefits	6,829	7,780
— Equity-settled share option expense (note 17)	2,849	5,503
Depreciation of property, plant and equipment	10,655	10,270
Depreciation of investment properties	332	3,221
Amortisation of intangible assets	106	105
Depreciation of right-of-use assets	4,993	6,614
Lease payments not included in the measurement of lease liabilities	95	11
Impairment losses recognised in investment properties	—	7,927
Impairment losses recognised in trade and bills receivables (note 11)	183	1,137
Impairment losses recognised in other receivables	40	—
Auditor's remuneration	—	—
Foreign exchange losses/(gain), net (note 4)	431	(614)
Bank interest income (note 4)	(38)	(17)
Rental income (note 4)	(990)	(7,135)

## 7. INCOME TAX

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current — Mainland China		
Charged for period	—	84
Overprovision in prior year	(1)	(564)
Deferred	(204)	503
	<hr/>	<hr/>
Total tax (credit)/expense for the Review Period	(205)	23
	<hr/>	<hr/>

*Notes:*

- (a) 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.
- (b) 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.
- (c) 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 RMB36,200,000 (six months ended 30 June 2021: loss of RMB39,387,000) and the weighted average number of ordinary shares of 4,431,753,578 (six months ended 30 June 2021: 4,120,081,209) in issue during the Review Period.

The computations of diluted loss per share for the six months ended 30 June 2022 do not assume the exercise of the Company's share options as they would reduce loss per share.

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.

## 9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

### Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment with a cost of RMB19,390,000 (six months ended 30 June 2021: RMB4,040,000).

Items of property, plant and equipment with net carrying amount of RMBnil (six months ended 30 June 2021: RMB16,674,000) were disposed of during the six months ended 30 June 2022.

## Investment properties

During the six months ended 30 June 2022 and 30 June 2021, there were no completed transactions of addition and disposal of investment properties.

## 10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
	<i>Note</i>		
<i>Current portion:</i>			
Prepayments in respect of:			
— Purchase of industrial goods		17,095	20,350
— Purchase of materials and supplies		8,928	7,911
— Service fee		901	1,469
Escrow funds	(a)	8,449	16,909
Performance security		3,016	3,016
Deductible input value-added tax		1,816	314
Deposits		3,406	2,565
Due from associates	(b)	30,813	36,683
Other receivables		7,343	3,231
		<u>81,767</u>	<u>92,448</u>
Impairment allowance		<u>(2,890)</u>	<u>(2,850)</u>
		<u><u>78,877</u></u>	<u><u>89,598</u></u>
<i>Non-current portion:</i>			
Prepayments in respect of			
— Cultivated land used compensation	(c)	<u>4,325</u>	<u>4,430</u>
		<u><u>4,325</u></u>	<u><u>4,430</u></u>

### Notes:

- (a) The balance represents deposit made to Xuyi County Housing Bureau, which was held in escrow for the payment related to the construction of Xuyi Logistics Park.
- (b) The amount due from associates are unsecured, interest free and no fixed repayment terms.
- (c) 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 AND BILLS RECEIVABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade and bills receivables	90,083	89,619
Allowance for credit losses	(63,378)	(63,195)
	<u>26,705</u>	<u>26,424</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 and bills 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 and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at 30 June 2022 and 31 December 2021, based on the delivery date and net of provision, is as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 1 month	12,347	3,950
1 to 3 months	236	2,610
3 to 6 months	6,609	1,354
6 to 12 months	4,494	4,512
Over 1 year	3,019	13,998
	<u>26,705</u>	<u>26,424</u>

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

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
At beginning of year	63,195	54,032
Transfer from disposal group classified as held for sale	–	90
Impairment losses provided ( <i>note 6</i> )	183	9,073
At end of year	<u>63,378</u>	<u>63,195</u>

## 12. TRADE PAYABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade payables	<u>31,077</u>	<u>16,380</u>

An ageing analysis of the trade payable as at 30 June 2022 and 31 December 2021, based on the invoice date or issue date, where appropriate, is as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 1 month	6,305	88
1 to 2 months	548	126
2 to 3 months	10,115	2,883
Over 3 months	<u>14,109</u>	<u>13,283</u>
	<u>31,077</u>	<u>16,380</u>

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 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
<i>Current portion:</i>		
Payables relating to:		
Taxes other than income tax	24,392	22,982
Professional fees	1,216	12,613
Payroll and welfare	17,790	13,325
Purchase of property, plant and equipment	941	7,518
Receipt in advance	–	400
Security deposit	600	350
Distributors' earnest money	1,855	1,855
Rental fees	2,019	2,019
Due to a director	23,058	11,491
Due to associates	259	5,592
Interest payables relating to:		
— Bank and other borrowings	38,359	32,915
— Purchase of mining right	3,707	3,707
Others	<u>5,521</u>	<u>2,506</u>
	<u>119,717</u>	<u>117,273</u>

# 14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Bank loans:		
Secured	15,000	15,000
Guaranteed	20,947	23,847
	<u>35,947</u>	<u>38,847</u>
Effective interest rate per annum (%)	<u>4.81–8.48</u>	<u>4.81–8.48</u>
Other borrowings:		
Secured or guaranteed	144,898	144,898
Unsecured	111,490	101,475
	<u>256,388</u>	<u>246,373</u>
Effective interest rate per annum (%)	<u>7.56–24.00</u>	<u>7.56–24.00</u>
Analysed into:		
Bank loans repayable:		
Within one year	20,170	23,070
In the second year	8,540	540
In the third to fifth years, inclusive	7,237	15,237
	<u>35,947</u>	<u>38,847</u>
Other borrowings repayable:		
Within one year	810	810
In the second year	138,925	115,410
In the third to fifth years, inclusive	116,653	130,153
	<u>256,388</u>	<u>246,373</u>
Total bank and other borrowings	292,335	285,220
Portion classified as current liabilities	<u>(20,980)</u>	<u>(23,880)</u>
Non-current portion	<u>271,355</u>	<u>261,340</u>

## 15. DEFERRED INCOME

*RMB'000*

Government grant

At 1 January 2022 (Audited)

**4,429**

Released to profit or loss

**(105)**

At 30 June 2022 (Unaudited)

**4,324**

## 16. SHARE CAPITAL

### Shares

	<b>30 June 2022 RMB'000 (Unaudited)</b>	<b>31 December 2021 RMB'000 (Audited)</b>
Authorised:		
10,000,000,000 ordinary shares of HK\$0.01 each	<b>100,000</b>	100,000
Issued and fully paid:		
4,630,847,501 ordinary shares of HK\$0.01 each (2021: 4,368,767,501 ordinary shares of HK\$0.01 each)	<b>46,308</b>	43,688
Equivalent to approximately	<b>RMB39,274</b>	RMB37,063

A summary of movements in the Company's share capital is as follows:

Issued share capital:

	<b>Number of ordinary shares</b>	<b>Nominal value of ordinary shares RMB'000</b>
At January 2021	4,032,697,729	34,274
Issue of shares under exercising of share options ( <i>note a</i> )	336,069,772	2,789
At 31 December 2021 (audited)	4,368,767,501	37,063
Issue of shares under exercising of share options ( <i>note b</i> )	262,080,000	2,211
At 30 June 2022 (unaudited)	<b>4,630,847,501</b>	<b>39,274</b>



*Notes:*

- (a) During the year ended 31 December 2021, 336,096,772 share options were exercised to subscribe for 336,099,772 ordinary shares in the Company at a consideration of RMB22,312,000 of which RMB2,789,000 was credited to the share capital and the balance RMB19,523,000 was credited to the share premium account. Amount of RMB10,402,000 has been transferred from share option reserve to the share premium account.
- (b) During the six-months ended 30 June 2022, 262,080,000 share options were exercised to subscribe for 262,080,000 ordinary shares in the Company at a consideration of RMB5,527,000 of which RMB2,211,000 was credited to the share capital and the balance RMB3,316,000 was credited to the share premium account. Amount of RMB1,777,000 has been transferred from share option reserve to the share premium account.

## 17. 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.

During the Review Period ended 30 June 2022, the Company granted 420,730,000 share options to eligible directors and employees and the exercise price of the share options granted is HK\$0.025 each.

The fair value of the share options granted during the period ended 30 June 2022 was preliminarily determined by an independent valuer, using the Binomial option pricing model (the “**Model**”). The variable and assumptions used in computing the fair value of share options are based on the director’s best estimate. Details of the inputs to the Model are as follows:

	29 April 2022
Fair value at measurement date	0.0079–0.0084
Share price (HK\$)	0.025
Exercise price (HK\$)	0.025
Expected volatility	64.91%
Expected life of the options	2 years
Dividend yield	–
Risk-free interest rate	2.098%

The expected volatility is based on the historical volatilities of the share prices of the Company. Expected dividends yield were estimated by the Company based on its expected dividend policy over the expected terms of the options. Changes in the subjective input assumptions could materially affect the fair value estimate.

The Group recognised the total equity-settled share option expense of approximately RMB2,849,000 (equivalent to HK\$3,378,000) (30 June 2021: RMB5,503,000) during the period ended 30 June 2022 in relation to share options granted by the Company.

The following table sets out the particulars of the options granted under the Share Option Scheme and their movements during the period.

Category/ Name of participants	Number of options outstanding as at 1 January 2022	Granted during the period	Exercised during the period	Number of options outstanding as at 30 June 2022	Exercise Price HK\$	Date of Grant
Wu Jing	–	43,680,000	–	43,680,000	0.025	29 April 2022
Zhang Jian	–	43,680,000	(43,680,000)	–	0.025	29 April 2022
Gu Weiwen	–	43,680,000	(43,680,000)	–	0.025	29 April 2022
Other employees in aggregate	–	289,690,000	(174,720,000)	114,970,000	0.025	29 April 2022
Total	–	420,730,000	(262,080,000)	158,650,000		

## 18. DIVIDENDS

At a meeting of the Board held on 31 August 2022, the Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **General**

In the first half of 2022, 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. What was even worse, the war between Russia and Ukraine commenced in February 2022 has been leading to a series of unexpected chained reactions, including the comprehensive sanctions on Russia by most Western countries (and their global allied countries), global supply chain disruption, high petroleum prices as well as global high inflations.

At the same time, the PRC government implemented very strict control measures throughout the country for achieving a target of dynamic zero case of COVID-19, particularly the lock-down of Shanghai for approximately two months in the second quarter of 2022. Consequently, the Group's Head Office in Shanghai had been closed from mid-March 2022 to end of May 2022. The Group's overall business activities and its operating environments were inevitably affected to a large extent. To cope with the challenging environment, the Group has been continuing its tightening credit policy to customers and enforcing its collection efforts on long-aged account, and at the same time, slowing its capital expenditure, capital commitment, as well as payment in advance until the operating environment is more clear and stable. To improve its overall operation efficiency, the Group also gradually downsized its operations in Xiamen and shifted them to Jiangxi Province (where its largest marble mine, marble stone processing plant and calcium carbonate business were based).

#### **Marble and Mining and Calcium Carbonate Business**

The Group's marble stone products business is part of the supply chain of the real estate construction sector, 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 still facing very tight debt level control imposed by the Central Bank in China and severe liquidity problems. As such, instead of developing new projects, most property developers were focusing on clearing up their inventory, seeking new refinancing opportunities and negotiating with existing creditors for debt restructuring. Under such circumstances, the management of the Group has been operating its business very cautiously during the Review Period. The Group's revenue from marble stone products amounted to approximately RMB1.1 million during the Review Period, representing 94.6% significant decrease as compared to approximately RMB20.5 million in last year's corresponding period. The decrease was mainly due to (i) the adverse market conditions in real estate construction sector and (ii) the Group's Head Office in Shanghai was closed during mid March to end of May 2022 as a results of the city lock-down and senior members of sale and marketing staff responsible for marble stone sale were quarantined and hence unable to conduct any sale and marketing activities.

In addition to the renewal a new mining license of our Yongfeng Mine in 2020, the Group obtained a Safety Production Permit 《安全生產許可證》 on 1 July 2022. On the other hand, 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 fulfil 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 different waves of outbreak of COVID-19 since 2020, some works were unavoidably behind schedule. With the expected gradual resumption of work in different sites, the Group, on one hand, wish the excavation activity can be recommenced once the rectification and optimization work meet the standard laid down by the government authorities. On the other hand, based on the observations on the strict execution on various environmental and green policies by local government authorities and their practice in the past years, it is expected that the renewal applications of existing two expired mining licenses will take longer time than previously we expected. In the meantime, in addition to our marble blocks can excavate from our Yongfeng Mine, we will continue, 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 activities 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 RMB25.5 million to the Group's revenue as compared to RMB22.7 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 since from 2020, the Group decided withholding any further commodities trading transactions until it is manageable to conduct such activities. As such, the Group did not record any revenue from this business segment during both the Review Period and the corresponding period in 2021.

## **Warehouse Logistics Business**

In mid-December 2019, after reviewing the warehouse logistics segment's business environment and its operation performance, the Group decided to abandon this business segment for the purpose of focusing more resources on the core business segment. Since then, management has been in active discussion with a potential buyer for disposing of the entire plant. Due to the outbreak of the COVID-19 pandemic, the negotiation for the disposal and the due diligent work conducted by the potential buyer have experienced certain delay.

As at 31 December 2021, no legal binding agreement regarding the disposal was reached. The management was of view that, due to the unfavourable market conditions, there were uncertainties on reaching a final agreement of the disposal with the potential buyer. As such, the Disposal Group's assets were no longer classified as assets held for sale as at 31 December 2021 and thereafter. Consequently, the comparative figures of the consolidated profit and loss and the operating segment information of the Group for the six months ended 30 June 2021 are re-presented to include the results from the warehouse logistics segment. In the Review Period, the Group's revenue from warehouse logistics segment amounted to approximately RMB0.34 million, representing 73.0% decrease, as compared to approximately RMB1.3 million in corresponding period in 2021. The Group remains committed in relation to the original disposal plan and will continue to seek other potential buyers. Further announcement(s) will be made if there is any progress.

## **RESOURCES AND RESERVES**

### **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 following table summarizes the marble resources of our Dejiang Mine, estimated as of 30 June 2022 under Chinese Standards.

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

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 1.3341 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 2022 under the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (“**JORC Code**”).

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

The estimated resources and reserves of the Yongfeng Mine as of 30 June 2022 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 2022 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 2022 (as disclosed above) 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 2022 were identical.

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

### **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 2022 according to Chinese Standards.

<b>Resources</b>	<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 2022 according to Chinese Standards.

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

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 RMB26.9 million, representing a decrease of 39.3% or approximately RMB17.5 million compared to the corresponding period of the previous year. The sales of calcium carbonate products contributes 94.6% or approximately RMB25.5 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:

	<b>For the six months ended 30 June</b>			
	<b>2022</b>		<b>2021</b>	
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>%</b>
Marble stone products	<b>1,111</b>	<b>4.1</b>	20,460	46.1
Calcium carbonate products	<b>25,489</b>	<b>94.6</b>	22,681	51.1
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue from segment				
marble products	<b>26,600</b>	<b>98.7</b>	43,141	97.2
Warehouse logistics	<b>340</b>	<b>1.3</b>	1,257	2.8
Commodity trading	<b>—</b>	<b>—</b>	—	—
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<b>26,940</b>	<b>100.0</b>	44,398	100.0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## **(b) Sales Volume**

The following table sets out the sales volume of marble stone products and calcium carbonate products:

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
<b>Sales volume</b>		
Marble stone products:		
Marble blocks (m <sup>3</sup> )	–	1,500
Processed slabs (m <sup>2</sup> )	<b>3,264</b>	89,979
Calcium carbonate products (Ton)	<b>67,954</b>	74,067

## **COST OF SALES**

In the Review Period, the Group's cost of sales amounted to approximately RMB20.3 million, including the cost of marble stone products of RMB0.6 million and the cost of calcium carbonate products of RMB19.2 million, which represented approximately 2.8% and 94.6% of the total cost of sale respectively. The proportion of the cost of sales of marble stone products and calcium carbonate products was in line with the proportion of their respective revenue contributions.

## **GROSS PROFIT AND GROSS PROFIT MARGIN**

The gross profit of the Group in the Review Period was approximately 6.7 million, decreased by approximately RMB8.1 million as compared to that of corresponding period of 2021. The gross profit margin in the Review Period was approximately 24.8%, while the gross profit margin in corresponding period of 2021 was approximately 33.3%. The gross profit margin of the sales of the Group in the Review Period decreased as compared to that of 2021 is mainly attributable to the substantial decrease of revenue from marble stone products which had a much higher gross profit margin of 39.6% in corresponding period in 2021.

## **OTHER INCOME AND GAINS**

Other income and gains mainly attributable to one-off gain of RMB4.5 million (2021: RMB0.3 million) on disposal/deregistration of non-operating subsidiaries, the rental income of RMB1.0 million (2021: RMB7.1 million) generated from the investment properties in the PRC and government subsidy of RMB1.2 million (2021: RMB1.8 million).

## **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 RMB3.7 million, representing approximately 13.8% of the revenue in the Review Period, while the selling and distribution expenses of RMB4.1 million in the corresponding period in 2021 accounted for approximately 9.2% of the revenue in the corresponding period in 2021. The selling and distribution expenses in the Review Period were decreased by approximately RMB0.4 million. Such decrease was in line with the decrease of sale activities and sale volume, particularly marble stone products, during the Review Period.

## **ADMINISTRATIVE EXPENSES**

Administrative expenses amounted to approximately RMB24.1 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 89.6% of the revenue in the Review Period. The overall administrative expenses were RMB26.2 million in the corresponding period in 2021, accounting for approximately 58.9% of the revenue for the corresponding period in 2021. The overall administrative expenses in the Review Period were decreased by RMB2.0 million compared to that of the corresponding period in 2021. Such decrease was mainly due to the decrease in employee benefit expenses derived from equity-settled share option expenses.

## **FINANCE COSTS**

Finance costs mainly included interests on bank loans and other borrowings. The finance costs decreased by RMB7.6 million from RMB22.8 million in the corresponding period in 2021 to approximately RMB15.2 million mainly due to the decrease in overall borrowings during the Review Period.

## **IMPAIRMENT LOSSES**

In Review Period, the impairment losses on investment properties and trade and bills receivables were RMBnil million and RMB0.2 million respectively. In the corresponding period of 2021, the impairment losses on investment properties and trade and bills receivables were RMB7.9 million and RMB1.1 million respectively. The decrease in impairment losses on investment properties by RMB7.9 million was mainly due to the fact that the Group disposed of its equity controlling interests in eight investment properties located in Shanghai in the second half of 2021.

## **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 2022, the total number of full-time employees of the Group was 216 (as at 30 June 2021: 195). Total employee costs (including the directors' remunerations, but excluding equity-settled share option expense) amounted to approximately RMB6.8 million for the Review Period (for the six months ended 30 June 2021: approximately RMB7.8 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 decreased RMB1.0 million (mainly because of the temporarily close of Shanghai Head Office during mid March to end of May 2022) in the Review Period. 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.

## **INCOME TAX EXPENSE**

Income tax expense increased by approximately RMB0.2 million for the six months ended 30 June 2022.

## **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 RMB36.2 million compared to net loss of RMB39.4 million for the corresponding period in 2021. The reasons for the drop in net loss are mainly due to the net effect of (i) decrease in gross profits of business operations; (ii) decrease in finance costs; (iii) decrease in impairment losses on investment properties and trade and bills receivables and (iv) decrease in selling and distribution expenses as well as decrease in administrative expenses during the Review Period.

## **NET CURRENT ASSETS**

As at ended 30 June 2022, the Group has net current assets of approximately RMB12.6 million (31 December 2021: the net current assets of the Group was approximately RMB31.9 million).

## **CURRENT RATIO**

The current ratio, being current assets over current liabilities, was 1.06 as at 30 June 2022 (31 December 2021: 1.17). The decrease in current ratio was mainly due to the decrease in revenue during the Review Period.

## **BORROWINGS**

As at 30 June 2022, the Group had total borrowings of approximately RMB292.3 million (31 December 2021: RMB285.2 million). During the Review Period, the net amount increased in borrowings is approximately RMB7.1 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 2022, the gearing ratio was approximately 21.8% (31 December 2021: approximately 20.8%).

## **CAPITAL STRUCTURE**

The Company has 4,630,847,501 ordinary shares in issue as at 30 June 2022.

During the Review Period, 262,080,000 new shares were issued by the Company upon exercise of 262,080,000 options which were granted on 29 April 2022 under the Share Option Scheme at exercises price of HK\$0.025. Gross proceeds of HK\$6.55 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 RMB19.4 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 2022, the Group pledged mining rights of RMB116.6 million to secured the bank and other borrowings.

## **IMPORTANT EVENTS OCCURRED AFTER REVIEW PERIOD**

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 effort 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 war between Russia and Ukraine 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 ever-changing 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 2022 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 2022.

## **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 Review Period.

## **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 Review Period.



## **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 Review Period.

## **PUBLICATION OF 2022 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This results announcement is published on the Company's website ([www.artgo.cn](http://www.artgo.cn)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)). The Company's 2022 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 2022

*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.*