ARTGO HOLDINGS LIMITED
雅高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3313)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

RESULTS HIGHLIGHTS

For the year ended 31 December 2022:

- The revenue of the Group amounted to approximately RMB89.1 million (2021: approximately RMB88.0 million), representing an increase of 1.2% or approximately RMB1.1 million.
- The loss before tax of the Group amounted to approximately RMB149.4 million (2021: approximately RMB416.2 million), representing an decrease in loss of approximately RMB266.8 million.
- The Group's net loss amounted to approximately RMB148.3 million (2021: approximately RMB417.9 million).
- The basic and diluted loss per share attributable to ordinary equity holders of the Company amounted to RMB0.63 (2021: basic and diluted loss per share of approximately RMB1.96).

The board (the "**Board**") of directors (the "**Directors**") of ArtGo Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2022. The Company's annual results for 2022 have been reviewed by the audit committee of the Company (the "**Audit Committee**") and have been approved by the Board on 31 March 2023.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	**2022** **RMB'000**	2021 RMB'000
REVENUE	*3*	**89,069**	87,976
Cost of sales		**(76,252)**	(66,068)
Gross profit		**12,817**	21,908
Other income and gains	*4*	**10,427**	22,369
Selling and distribution expenses		**(2,394)**	(2,516)
Administrative expenses		**(55,066)**	(61,592)
Impairment losses on trade and bills receivables		**(1,415)**	(9,073)
Impairment losses on prepayments, other receivables and other assets		**–**	(1,585)
Impairment loss on investment properties		**–**	(8,915)
Impairment loss on property, plant and equipment		**–**	(4,350)
Impairment loss on mining rights		**(65,169)**	–
Other expenses		**(19,476)**	(4,753)
Loss on disposal of subsidiaries	*12*	**–**	(3,749)
Finance costs	*5*	**(24,264)**	(45,777)
Share of results of associates		**(4,837)**	(318,174)
LOSS BEFORE TAX	*6*	**(149,377)**	(416,207)
Income tax credit/(expense)	*7*	**1,049**	(1,686)
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(148,328)**	(417,893)
Attributable to:			
Owners of the Company		**(148,246)**	(417,778)
Non-controlling interests		**(82)**	(115)
		(148,328)	(417,893)
			(Restated)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
— Basic and diluted	*9*	**RMB(0.63)**	RMB(1.96)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**473,230**	452,379
Investment properties		**20,368**	21,323
Right-of-use assets		**279,491**	289,107
Intangible assets		**596,622**	662,325
Investments in associates		**89,141**	93,941
Prepayments, deposits and other receivables		**4,138**	4,430
Deferred tax assets		**1,102**	924
Total non-current assets		**1,464,092**	1,524,429
CURRENT ASSETS			
Inventories		**43,724**	59,855
Trade and bills receivables	*10*	**28,999**	26,424
Prepayments, deposits and other receivables		**100,222**	89,598
Restricted deposits		**8,341**	15,457
Cash and bank balances		**15,762**	23,088
Total current assets		**197,048**	214,422
CURRENT LIABILITIES			
Trade payables	*11*	**23,081**	16,380
Contract liabilities		**5,674**	2,571
Other payables and accruals		**116,622**	117,273
Tax payables		**23,283**	21,328
Lease liabilities		**1,099**	1,117
Interest-bearing bank and other borrowings		**24,650**	23,880
Total current liabilities		**194,409**	182,549
NET CURRENT ASSETS		**2,639**	31,873
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,466,731**	1,556,302

	2022 *RMB'000*	2021 *RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**308,574**	261,340
Deferred tax liabilities	**8,841**	8,291
Deferred income	**–**	4,429
Lease liabilities	**202**	772
Provision for rehabilitation	**19,368**	18,237
Total non-current liabilities	**336,985**	293,069
NET ASSETS	**1,129,746**	1,263,233
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**44,935**	37,063
Reserves	**991,669**	1,132,946
	1,036,604	1,170,009
Non-controlling interests	**93,142**	93,224
TOTAL EQUITY	**1,129,746**	1,263,233

NOTES

1. CORPORATE AND GROUP INFORMATION

ArtGo Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, 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 year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the business of mining, processing and sale of marble stones, warehousing and logistics.

In the opinion of the directors, the Company does not have an immediate holding company or ultimate holding company, nor there is in a position to exercise significant influence over the Company.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect and the applicable disclosures required by of the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange of goods and services. These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 APPLICATION OF AMENDMENTS TO IFRS

In the current year, the Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.3 NEW AND AMENDMENTS TO IFRSs IN ISSUE BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1	Non-current Liabilities with Covenants[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after 1 January 2023.
[2] Effective for annual periods beginning on or after a date to be determined.
[3] Effective for annual periods beginning on or after 1 January 2024.

The directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two (2021: two) reportable continuing operating segments as below:

(a) the marble products segment produces marble stone products and calcium carbonate products mainly for further processing or trading; and

(b) the other segment includes the trading of commodities, and provision of warehousing and logistics services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, foreign exchange gain, non-lease-related finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, restricted deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2022

	Marble products *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
SEGMENT REVENUE	**87,533**	**1,536**	**89,069**
Segment results	**(18,414)**	**(1,279)**	**(19,693)**
Reconciliation:			
Interest income			**321**
Impairment losses recognised in the statement of profit or loss			**(66,584)**
Finance costs (other than interest on lease liabilities)			**(24,146)**
Corporate and other unallocated expenses			**(39,275)**
Loss before tax			**(149,377)**

Year ended 31 December 2021

	Marble products *RMB'000*	Others *RMB'000*	Total *RMB'000*
SEGMENT REVENUE	86,314	1,662	87,976
Segment results	7,207	(1,194)	6,013
Reconciliation:			
Interest income			43
Impairment losses recognised in the statement of profit or loss			(23,923)
Finance costs (other than interest on lease liabilities)			(45,528)
Corporate and other unallocated expenses			(352,812)
Loss before tax			(416,207)

4. OTHER INCOME AND GAINS

An analysis of other income and gains from continuing operations is as follows:

	2022	2021
	RMB'000	*RMB'000*
Rental income	**283**	7,464
Refund of value-added tax	**3,161**	4,612
Gain on disposal of right-of-use assets	**–**	804
Gain on disposal of property, plant and equipment, net	**–**	622
Bank interest income	**321**	43
Deferred income released to profit or loss	**211**	211
Government grants*	**1,217**	8,560
Miscellaneous	**3**	53
Gain on disposal/deregistration of non-operating subsidiaries	**4,750**	–
Gain on disposal of associate	**481**	–
Total other income and gains	**10,427**	22,369

* There were no unfulfilled conditions or contingencies relating to these government grants.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2022	2021
	RMB'000	*RMB'000*
Interest on bank loans	**2,190**	3,928
Interest on other borrowings	**20,825**	40,520
Unwinding of a discount for rehabilitation	**1,131**	1,080
Interest on lease liabilities	**118**	249
	24,264	45,777

6. LOSS BEFORE TAX

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

	2022	2021
	RMB'000	*RMB'000*
Cost of inventories sold	**64,120**	63,095
Employee benefit expense:		
Wages and salaries	**16,473**	13,554
Welfare and other benefits	**562**	646
Pension scheme contributions		
— Defined contribution fund	**2,219**	1,889
Housing fund	**434**	320
Equity-settled share option expense	**5,512**	10,402
Total employee benefit expense	**25,200**	26,811
Depreciation of property, plant and equipment	**23,695**	22,344
Depreciation of investment properties	**955**	4,070
Depreciation of right-of-use assets	**10,448**	10,305
Amortisation of intangible assets	**249**	225
Depreciation and amortisation expenses	**35,347**	36,944
Impairment losses recognised on:		
Trade and bills receivables	**1,415**	9,073
Investment properties	**–**	8,915
Mining rights	**65,169**	–
Prepayments, other receivables and other assets	**–**	1,585
Property, plant and equipment	**–**	4,350
Total impairment losses recognised	**66,584**	23,923
Gain on disposal of property, plant and equipment, net	**–**	(622)
Lease payments not included in the measurement of lease liabilities	**150**	100
Auditor's remuneration	**1,200**	1,200
Foreign exchange loss, net	**442**	134
Bank interest income	**(321)**	(43)

7. INCOME TAX (CREDIT)/EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and BVI. No provision for Hong Kong profits tax has been made as the Group had no taxable profits derived from or earned in Hong Kong for both years.

Pursuant to the income tax rules and regulations in the PRC, the subsidiaries located in Mainland China are liable for PRC CIT at a rate of 25% on the assessable profits generated during the year (2021: except Jiangxi Keyue, all subsidiaries at a rate of 25%).

Jiangxi Keyue has been entitled to a preferential PRC CIT rate of 15% as it is accredited as a "High and New Technology Enterprise" from 13 August 2018 to 13 August 2021.

The major components of income tax expense were as follows:

	2022	2021
	RMB'000	*RMB'000*
Current — PRC		
Charge for the year	**152**	237
Overprovision in prior years	**(1,575)**	(551)
Deferred tax	**374**	2,000
	(1,049)	1,686

8. DIVIDENDS

The directors do not recommend any payment of dividend for the year ended 31 December 2022 (2021: nil).

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

The calculation of basic loss per share for the year ended 31 December 2022 is based on the loss for the year attributable to ordinary equity holders of the company, and the weighted average number of ordinary shares of 236,486,596 (2021: 212,292,153* restated) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2022 and 2021 as there was no potential shares outstanding.

* *Restated based on the share consolidation effective on 28 October 2022.*

10. TRADE AND BILLS RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade and bills receivables	**84,883**	89,619
Allowance for credit losses	**(55,884)**	(63,195)
	28,999	26,424

The Group's trading terms with its customers are mainly on credit, except for new and minor customers, where payment in advance is normally required. The credit period is generally one month to six months, extending up to nine months for major customers.

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 maintains strict control over the settlements of its outstanding receivables and has a credit control department to minimise credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing and unsecured.

An ageing analysis of the trade and bills receivables as at the end of the reporting periods, based on the invoice date and net of loss allowance, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 1 month	**13,545**	3,950
1 to 3 months	**6,384**	2,610
Over 3 to 6 months	**3,474**	1,354
Over 6 to 12 months	**5,596**	4,512
Over 1 year	**–**	13,998
	28,999	26,424

11. TRADE PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade payables	**23,081**	16,380

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 1 month	**4,553**	88
Over 1 to 2 months	**1,170**	126
Over 2 to 3 months	**5,853**	2,883
Over 3 months	**11,505**	13,283
	23,081	16,380

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

12. LOSS ON DISPOSAL OF SUBSIDIARIES

During the year of ended at 31 December 2021, the Group disposed of majority equity interests in three investment properties holding companies, namely Genpex Investment Limited (100% disposed), Shanghai Yunyi Enterprise Management Co., Limited (51% disposed) and Good Benefit Holdings Limited (51% disposed), for considerations of RMB63.5 million, RMB45.0 million and RMB45.0 million respectively, resulting in losses on disposal of RMB54,000, RMB1,268,000 and RMB2,427,000 respectively (aggregated to a total sum of RMB3,749,000). Further details of the three disposals shall be referred to Note 34 on pages 127–129 of the Annual Report 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

General

In the year ended 31 December 2022 (the "Year"), 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 pandemic control measures (until December 2022) 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 decisively took a low-margin strategy to boost its sales and to improve its inventory turnover rate, and 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). To reduce the Group's overall financial costs and improve its liquidity, the Group also actively sought debt restructuring/refinancing opportunities with lower cost and/or longer terms (if available) from non-bank lenders/local partners in the PRC.

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 Year, property developers in China were still facing severe liquidity problems. As such, instead of developing new projects, most property developers were focusing on clearing up their inventory by discounted sales, 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 Year. The Group's revenue from marble stone products amounted to approximately RMB34.4 million (of which RMB33.3 million was generated in the second half of the Year) during the Year, representing 10.2% moderate increase as compared to approximately RMB31.2 million in last year. The increase was mainly due to the low-margin strategy for promoting sales against very weak market demand and for clearing long-aged/low quality inventory in the second half of the Year (in response to the very low revenue (RMB1.1 million) in the first half of the Year). The management of the Group's expects that the so-called "low-margin" is intended for short-term purpose only and will be adjusted accordingly in response to the market environment changes.

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. As a result, the excavation volume was increased from 703.2 cubic metres in 2021 to 3,412.0 cubic metres in 2022. On the other hand, during the Year, 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 the marble blocks excavated 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 and have to adopt a mild low-margin strategy so as to maintain its market share. Having said that, the calcium carbonate business contributed an aggregate of approximately RMB53.1 million to the Group's revenue as compared to RMB55.1 million in last year, representing a decrease of approximately RMB2.0 million (or 3.6%) due to relatively weak market demand in the 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 continually 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 in 2022 (2021: nil).

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 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 is 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 assets of the warehouse logistics business were no longer classified as assets held for sale since 31 December 2021.

In the fourth quarter of 2022, due to the economic uncertainties, the potential buyer decided not to continue the negotiation. In 2022, the Group's revenue from warehouse logistics segment amounted to approximately RMB1.54 million, representing 7.2% decrease, as compared to approximately RMB1.66 million 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.

Investments In Associates

On 21 March 2022, the Shangri-La Stone received a notification from Land and Resources Bureau (the "Xianggelila City Bureau") of Xianggelila City in Yunnan Province that the Xianggelila City Bureau has rejected the application for the renewal of mining licenses and terminated the mining right of Shangri-La Stone. Shangri-La Stone has written-off the mining right resulting in a loss of RMB571.8 million in the financial year ended 31 December 2021. The loss arising from the written-off of mining right attributable to owners of the Company amounted to approximately RMB279.7 million in the financial year ended 31 December 2021. The management of Shangri-La Stone had sought legal opinion and tried to liaise with the Xianggelila City Bureau to revoke their decision but unsuccessful. The Group finally sold this equity investment in associate for RMB500,000 in the second half of 2022 resulting in a gain on disposal of associate of RMB0.49 million.

FINANCIAL REVIEW

Revenue

In 2022, the Group recorded an operating revenue of approximately RMB89.1 million (2021: approximately RMB88.0 million), representing a slight increase of approximately RMB1.1 million (or 1.2%) compared to that of 2021. The sales of marble stone products contributed 38.7% or approximately RMB34.4 million (2021: 35.6% or approximately RMB31.2 million) to the Group's total revenue. And the sales of calcium carbonate products contributed 59.6% or approximately RMB53.1 million (2021: 62.6% or approximately RMB55.1 million) to the Group's total revenue.

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

	2022		2021	
	Approximate percentage		Approximate percentage	
	RMB'000	***(%)***	*RMB'000*	*(%)*
Marble stone products	**34,441**	**38.7**	31,244	35.6
Calcium carbonate products	**53,092**	**59.6**	55,070	62.6
Revenue from segment of marble products	**87,533**	**98.3**	86,314	98.2
Warehouse logistics	**1,536**	**1.7**	1,662	1.8
Commodity trading	**–**	**–**	–	–
Total	**89,069**	**100**	87,976	100.0

Cost of Sales

For the year ended 31 December 2022, the Group's total cost of sales amounted to approximately RMB76.3 million (2021: approximately RMB66.1 million), including the cost relating to marble stone products of approximately RMB31.7 million and the cost relating to calcium carbonate products of approximately RMB44.0 million which represented approximately 41.5%, and 57.7% of the total cost of sale respectively. The proportion of the costs of marble stone products and calcium carbonate products was in line with the proportion of their respective revenue contributions (to a large extent).

GROSS PROFIT AND GROSS PROFIT MARGIN

During 2022, the Group realised a gross profit amounted to approximately RMB12.8 million, decreased by approximately RMB9.1 million as compared to that of 2021. The overall gross profit margin in 2022 was approximately 14.4%, while the overall gross profit margin in 2021 was approximately 24.9%. The gross profit margin of the sales of the Group in 2022 decreased as compared to that of 2021 is mainly attributable to the decrease in average gross profit margin in both marble stone products and calcium carbonate products, resulting from the low-margin strategy taken by the Group in second half of 2022, particularly on the selling of long-aged/lower quality inventory of marble stone products.

OTHER INCOME AND GAINS

Other income and gains, mainly comprised of the rental income generated from the investment properties in the PRC, government grants and refund of value-added tax, were approximately RMB10.4 million (2021: approximately RMB22.4 million). Compared with 2021, other income and gains decreased by approximately RMB12.0 million mainly due to decrease in refund of value-added tax, government grants and rental income generated from the investment properties by approximately RMB1.5 million, RMB7.3 million and RMB7.2 million respectively.

OTHER EXPENSES

Other expenses, mainly comprised of provision of obsolete inventories/inventory scrap loss, depreciation of investment properties and penalty, were approximately RMB19.5 million (2021: approximately RMB4.8 million). Compared with 2021, other expenses increased by approximately RMB14.7 million mainly due to a provision of obsolete inventories of approximately RMB19.1 million in 2022, offsetting by the decrease of depreciation of investment properties by RMB3.1 million due to the disposal of controlling equity interests in eight investment properties in 2021.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses, mainly comprised of salaries of the Group's sales and distribution staff, travelling expenses and advertising costs, were approximately RMB2.4 million, representing approximately 2.7% of the Group's total revenue while the selling and distribution expenses of approximately RMB2.5 million in 2021 accounted for approximately 2.9% of the Group's total revenue. The selling and distribution expenses decreased slightly by approximately RMB0.1 million because of relatively less sale and marketing activities in 2022.

ADMINISTRATIVE EXPENSES

Administrative expenses, mainly consisted of equity-settled share option expenses, salaries of administrative staff, consultancy fees and depreciation expense, were approximately RMB55.1 million (2021: approximately RMB61.6 million). Administrative expenses decreased by approximately RMB6.5 million, mainly due to the decrease of equity-settled share option expenses in the Year.

IMPAIRMENT LOSS

The aggregate impairment losses on (i) trade and bills receivables, (ii) prepayments, other receivables and other assets, (iii) investment properties, (iv) property, plant and equipment, and (v) mining rights were increased by approximately RMB42.7 million in total as compared to that of 2021. The increase of such impairment losses was because of the impairment loss of mining rights of RMB65.2 million, offsetting by the decrease in impairment losses of other assets classes since most of the negative impacts of the COVID-19 pandemic on the impairment of the above mentioned assets classes (i)-(iv) were reflected in the impairment review in 2021 and 2020).

FINANCE COSTS

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

INCOME TAX EXPENSE

Income tax expense decreased by approximately RMB2.7 million from a tax expense of approximately RMB1.7 million for the year ended 31 December 2021 to a tax credit of approximately RMB1.0 million for the year ended 31 December 2022. The decrease was mainly due to prior years over-provision of approximately RMB1.6 million and the decrease of impairment loss on property, plant and equipment by approximately RMB4.4 million which have negative impact on the deferred tax.

LOSS AND TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The net loss attributable to owners of the Company during the Year amounted to approximately RMB148.2 million, which decreased by RMB269.6 million as compared to the net loss of RMB417.8 million for the year ended 31 December 2021. The decrease in net loss was mainly due to (i) the decrease in administrative expenses by approximately RMB6.5 million, and (ii) the decrease in share of losses of associates by approximately RMB313.3 million; and (iii) the decrease in financial costs by approximately RMB21.5 million, offsetting by (i) a provision of obsolete inventories by approximately RMB19.1 million in the Year, (ii) the increase in net impairment losses on the Group's assets by approximately RMB42.7 million, (iii) the decrease in gross profit by approximately RMB9.1 million, and (iv) the decrease in other income by approximately RMB12.0 million.

INVENTORIES

The Group's inventories decreased by approximately 27.0%, from approximately RMB59.9 million as at 31 December 2021 to approximately RMB43.7 million as at 31 December 2022. The decrease was mainly due to (i) a provision of obsolete inventories of approximately RMB19.1 million in the Year, and (ii) the low-margin strategy and clearing sales activities of long-aged/low quality inventory of marble stone products during the second half of the Year.

TRADE AND BILLS RECEIVABLES

The Group's trade and bills receivables increased from approximately RMB26.4 million as at 31 December 2021 to approximately RMB29.0 million as at 31 December 2022. The increase was primarily due to the fact that approximately 69.8% of the Group's sale recorded in the second half of the Year.

TRADE PAYABLES

The Group's trade payables increased from approximately RMB16.4 million as at 31 December 2021 to approximately RMB23.1 million as at 31 December 2022. The increase was primarily due to the fact that, the Group has slowed down its settlements to suppliers and most of its purchases were conducted in the second half of the Year in 2022.

NET CURRENT ASSETS

Net current assets of the Group decreased from approximately RMB31.9 million as at 31 December 2021 by 91.7% to approximately RMB2.6 million as at 31 December 2022, which was primarily due to a provision of obsolete inventories by approximately RMB19.1 million and decrease in restricted deposits and cash and bank balances in aggregate by approximately RMB14.4 million.

CURRENT RATIO

The current ratio, being current assets over current liabilities, was 1.01 as at 31 December 2022 (31 December 2021: 1.17).

BORROWINGS

The Group generally finances its operations with internally generated cash flows, other borrowings and banking credit facilities. As at 31 December 2022, the Group had total bank loans and other borrowings of RMB333.2 million (31 December 2021: RMB285.2 million).

GEARING RATIO

The Group's gearing ratio equals to its net debt (total debts net of cash and bank balances) divided by total equity. Total debt is defined as interest-bearing bank and other loans and it excludes liabilities incurred for working capital purposes. As at 31 December 2022, the gearing ratio was 28.1% (2021: 20.8%).

CAPITAL STRUCTURE

On 26 October 2022, the Shareholders approved the share consolidation of every twenty issued and unissued then existing shares of par value of HK$0.01 each into one consolidated Share (the "Share Consolidation"). As all of the conditions precedent of the Share Consolidation were fulfilled, the Share Consolidation took effect on Friday, 28 October 2022. Immediately after the Share Consolidation becoming effective, the authorised share capital of the Company of HK$100,000,000 were divided into 500,000,000 Shares with par value of HK$0.20 each (the "Consolidated Shares" or the "Shares"), of which 262,624,875 Consolidated Shares were in issue.

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 that is denominated in HK$ and US$. As such, the Group has limited exposure to any significant foreign currency exchange risks.

The Board of Directors 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 Year.

HUMAN RESOURCES AND REMUNERATION POLICY

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

As at 31 December 2022, the total number of full-time employees of the Group was 209 (31 December 2021: 205). Employee costs (including the Directors' remunerations) totally amounted to approximately RMB20.1 million for 2022 (2021: approximately RMB26.8 million). Meanwhile, taking into account the strategic goal of the Group, operating results, efforts and contributions made by each of our executive Directors, senior management and employees, and for the purposes of recognizing their value, motivating for better performance and skills, maintaining the Company's fast-growing development and achieving its long and short-term goals, the remunerations are in line with the market performance and their qualifications and abilities, and makes adjustment according to varied percentage. The Group determined the remuneration packages of all employees including the Directors with reference to individual performance and current market salary scale.

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

The local government authorities are responsible for the entire pension obligations payable to the retired employees and the Group has no obligation for the payment of retirement benefits beyond the annual contributions. In 2022, the contributions of approximately RMB1.0 million (2021: approximately RMB1.9 million) were charged to the profit and loss account as they became payable in accordance with the rules of the central pension scheme.

OUTLOOK

Looking forward, with the launch of vaccines and medicines for COVID-19 and the easing of Covid-related restrictions by the Chinese central government since December 2022, all these brought new hope to the world and the Group believe the influence of the pandemic will be diminishing as the time goes. Although there are still uncertainties and challenges in the PRC and the global economy (especially from the potential impact of the war between Russia and Ukraine commenced in February 2022 and the banking sector crisis in US and Europe), the Group will formulate long term business plans with a goal to fully utilize its existing resources. The Group will keep monitoring its ever-changing business environment and adjust its business plans accordingly. It will seek out opportunities to monetise non-core assets (particularly the disposal of its Warehouse Logistic Business) where appropriate in order to generate immediate liquidity and to lower its debt level. Meanwhile, the Group will continue identifying any project or business which is beneficial to the Group and its shareholders as a whole.

RESOURCES AND RESERVES

Dejiang Mine

Our Dejiang Mine is located at Guan Jia Fen, Dejiang Town of Guizhou Province, China.

The table below summarizes key information related to our current mining permit for the Dejiang Mine.

Holder	Sanxin Stone
Nature of resource	marble
Covered area	approximately 0.252 square kilometres
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 was approved by relevant authorities in 2019 and pending the issue of the renewed mining license.

The following table summarizes the marble resources of our Dejiang Mine, estimated as of 31 December 2022 under Chinese Standards.

RESOURCES	**Millions of cubic meters**
Indicated	1.3
Inferred	0.8
Total	2.1

The Group did not have exploration, development and production activities for Dejiang Mine in 2022 (2021: nil).

Yongfeng Mine

Our Yongfeng Mine is located in the Yongfeng County of Jiangxi Province, China 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 kilometres
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 in 2013 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 permit 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 cubic meters to 1.1 million cubic meters.

The following table summarizes the marble resources and reserves of our Yongfeng Mine, estimated as of 31 December 2022 under the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves ("JORC Code").

RESOURCES	**Millions of cubic meters**
Measured	51.2
Indicated	46.6
Inferred	8.8
Total	106.6

RESOURCES	**Millions of cubic meters**
Proved	23.0
Probable	21.0
Total	44.0

The estimated resources and reserves of the Yongfeng Mine as of 31 December 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 normal and routine mining activities carried out during the period from 1 October 2013 to 31 December 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 31 December 2022 (as disclosed in this annual report) 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 31 December 2022 were identical.

The Group took exploration, development and production activities with a volume of approximately 3,412.0 cubic metres for Yongfeng Ming in 2022 (2021: approximately 703.2 cubic metres).

Zhangxi Mine

Located at Yongfeng County of Jiangxi Province, China, about 50 km from the expressway from Fuzhou via Yongfeng to Ji'an, Zhangxi Mine enjoys an access to Changning (Nanchang — Ningdu) expressway which has already been opened 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	Ji'an Mining
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 has been 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 green environmental policies' requirements. The Group has engaged a geological exploration service provider to perform a detailed 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 Zhangxi Mine estimated as of 31 December 2022 according to Chinese Standards.

RESOURCES	**Millions of cubic meters**
Measured	7.1
Indicated	18.4
Inferred	4.2
Total	29.7

The Group did not have exploration, development and production activities for Zhangxi Mine in 2022 (2021: nil).

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 Mining
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 cubic metres 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 31 December 2022 according to Chinese Standards.

RESOURCES	Millions of cubic meters
Indicated	3.88
Inferred	0.67
Total	4.55

The Group did not have exploration, development and production activities for Lichuan Mine in 2022 (2021: nil).

OTHER INFORMATION

SHARE CAPITAL

With the effect of Share Consolidation effective on 28 October 2022, the total amount of authorised share capital of the Company is HK$100,000,000 divided into 500,000,000 ordinary shares of HK$0.20 each, with 262,624,875 ordinary shares in issue as at 31 December 2022.

During the Year, the Company issued 883,730,000 ordinary shares in total upon exercise of share options as follows:

(i) 420,730,000 ordinary shares under the exercise of 420,730,000 share options granted to eligible employees and directors on 29 April 2022 under the Share Option scheme at exercise price of HK$0.0250 per share. A gross proceeds of HK$10.5 million (equivalent to approximately RMB8.9 million) was received by the Group for general working capitals.

(ii) 463,000,000 ordinary shares under the exercise of 463,000,000 share options granted to eligible employees on 16 September 2022 under the Share Option scheme at exercise price of HK$0.0214 per share. A gross proceeds of HK$9.9 million, (equivalent to approximately RMB9.0 million) was received by the Group for general working capitals.

Note: All the above share options granted and exercised were occurred before the effective date (28 October 2022) of the Share Consolidation. Therefore the numbers of share options granted and exercised, and their respective exercise price(s) were presented in their original amounts (without any adjustments based on the Share Consolidation).

PRE-EMPTION RIGHT

Pursuant to the constitution of the Company and the laws of the Cayman Islands (the place where the Company was incorporated), no provision in relation to pre-emption rights shall apply to the Company.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

NON-COMPLIANCE WITH LISTING RULES

There was no non-compliance with Listing Rules during the year ended 31 December 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 year ended 31 December 2022.

DIVIDEND

The Board does not recommend payment of final dividend for the year ended 31 December 2022 (2021: nil).

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, and reviewed this audited results announcement as well as the audited annual results for the year ended 31 December 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its Shareholders and to enhance the corporate value, accountability and transparency of the Company.

The Company has complied with the code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2022, except for the following deviation.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

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 (details are set out in the Company's announcement dated 1 December 2016). 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 operations.

AUDITORS

Elite Partners CPA Limited was appointed as the Company's auditor for the year ended 31 December 2022.

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Company's auditor to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute audits, reviews and other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on this results announcement.

PUBLICATION OF AUDITED RESULTS ANNOUNCEMENT AND 2022 ANNUAL REPORT

This audited results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.artgo.cn). The annual report of the Company for the year ended 31 December 2022 will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 31 March 2023

As at the date of this announcement, the executive Directors are Mr. Gu Weiwen, Mr. Zhang Jian, Ms. Wu Jing and Mr. Wan Jian; the non-executive Director is Mr. Gu Zengcai; and the independent non-executive Directors are Ms. Lung Yuet Kwan, Mr. Hui Yat On and Mr. Zhai Feiquan.