

*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)**

### **ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **RESULTS HIGHLIGHTS**

For the year ended 31 December 2023:

- The revenue of the Group amounted to approximately RMB77.5 million (2022: approximately RMB89.1 million), representing a decrease of 13.0% or approximately RMB11.6 million.
- The loss before tax of the Group amounted to approximately RMB393.1 million (2022: approximately RMB149.4 million), representing an increase in loss of approximately RMB243.7 million.
- The Group's net loss amounted to approximately RMB396.2 million (2022: approximately RMB148.3 million).
- The basic and diluted loss per share attributable to ordinary equity holders of the Company amounted to RMB1.03 (2022: basic and diluted loss per share of approximately RMB0.62).

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 2023. The Company's annual results for 2023 have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and have been approved by the Board on 28 March 2024.

## FINANCIAL INFORMATION

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

For the year ended 31 December 2023

|   | <i>Notes</i> | <b>2023</b><br><b>RMB'000</b> | 2022<br><i>RMB'000</i> |
|---|--------------|-------------------------------|------------------------|
| <b>REVENUE</b>  | 3            | <b>77,532</b>                 | 89,069                 |
| Cost of sales   |              | <u>(67,467)</u>               | <u>(76,252)</u>        |
| <b>Gross profit</b>   |              | <b>10,065</b>                 | 12,817                 |
| Other income and gains  | 4            | <b>5,231</b>                  | 10,427                 |
| Selling and distribution expenses   |              | <b>(1,866)</b>                | (2,394)                |
| Administrative expenses   |              | <b>(49,849)</b>               | (55,066)               |
| Impairment losses on trade receivables  |              | <b>(18,175)</b>               | (1,415)                |
| Impairment losses on prepayments, other<br>receivables and other assets               |              | <b>(9,169)</b>                | –                      |
| Impairment loss on investment properties  |              | <b>(1,180)</b>                | –                      |
| Impairment loss on property, plant and equipment                                      |              | <b>(387)</b>                  | –                      |
| Impairment loss on mining rights  |              | –                             | (65,169)               |
| Written-off of mining rights  |              | <b>(282,093)</b>              | –                      |
| Other expenses  |              | <b>(17,432)</b>               | (19,476)               |
| Finance costs   | 5            | <b>(20,631)</b>               | (24,264)               |
| Share of results of associates  |              | <u>(7,610)</u>                | <u>(4,837)</u>         |
| <b>LOSS BEFORE TAX</b>  | 6            | <b>(393,096)</b>              | (149,377)              |
| Income tax (expense)/credit   | 7            | <u>(3,124)</u>                | <u>1,049</u>           |
| <b>LOSS AND TOTAL COMPREHENSIVE<br/>LOSS FOR THE YEAR</b>                             |              | <u><b>(396,220)</b></u>       | <u>(148,328)</u>       |
| Attributable to:  |              |                               |                        |
| Owners of the Company   |              | <b>(396,145)</b>              | (148,246)              |
| Non-controlling interests   |              | <u>(75)</u>                   | <u>(82)</u>            |
|   |              | <u><b>(396,220)</b></u>       | <u>(148,328)</u>       |
|   |              |                               | (Restated)             |
| <b>LOSS PER SHARE ATTRIBUTABLE TO<br/>ORDINARY EQUITY HOLDERS OF<br/>THE COMPANY:</b> |              |                               |                        |
| — Basic and diluted   | 9            | <u><b>RMB(1.03)</b></u>       | <u>RMB(0.62)</u>       |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2023*

|  | <i>Notes</i> | 2023<br><b>RMB'000</b> | 2022<br><b>RMB'000</b> |
|--|--------------|------------------------|------------------------|
| <b>NON-CURRENT ASSETS</b>                    |              |                        |                        |
| Property, plant and equipment                |              | 421,070                | 473,230                |
| Investment properties                        |              | 18,586                 | 20,368                 |
| Right-of-use assets                          |              | 271,357                | 279,491                |
| Intangible assets                            |              | 314,519                | 596,622                |
| Investments in associates                    |              | 39,152                 | 89,141                 |
| Prepayments, deposits and other receivables  |              | 4,009                  | 4,138                  |
| Deferred tax assets                          |              | 156                    | 1,102                  |
|  |              | <b>1,068,849</b>       | <b>1,464,092</b>       |
| <b>CURRENT ASSETS</b>                        |              |                        |                        |
| Inventories                                  |              | 18,784                 | 43,724                 |
| Trade receivables                            | <i>10</i>    | 24,946                 | 28,999                 |
| Prepayments, deposits and other receivables  |              | 122,135                | 100,222                |
| Restricted deposits                          |              | 639                    | 8,341                  |
| Cash and bank balances                       |              | 100,956                | 15,762                 |
|  |              | <b>267,460</b>         | <b>197,048</b>         |
| <b>CURRENT LIABILITIES</b>                   |              |                        |                        |
| Trade payables                               | <i>11</i>    | 21,133                 | 23,081                 |
| Contract liabilities                         |              | 5,920                  | 5,674                  |
| Other payables and accruals                  |              | 55,639                 | 101,403                |
| Tax payables                                 |              | 23,994                 | 23,283                 |
| Lease liabilities                            |              | 964                    | 1,099                  |
| Interest-bearing bank and other borrowings   |              | 63,300                 | 24,650                 |
|  |              | <b>170,950</b>         | <b>179,190</b>         |
| <b>NET CURRENT ASSETS</b>                    |              | <b>96,510</b>          | <b>17,858</b>          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |              | <b>1,165,359</b>       | <b>1,481,950</b>       |

|  | <b>2023</b><br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|--|-------------------------------|------------------------|
| <b>NON-CURRENT LIABILITIES</b>               |                               |                        |
| Interest-bearing bank and other borrowings   | <b>274,510</b>                | 319,574                |
| Deferred tax liabilities                     | <b>8,984</b>                  | 8,841                  |
| Deferred income                              | <b>4,009</b>                  | 4,219                  |
| Lease liabilities                            | <b>588</b>                    | 202                    |
| Provision for rehabilitation                 | <b>20,608</b>                 | 19,368                 |
|  | <hr/>                         | <hr/>                  |
| Total non-current liabilities                | <b>308,699</b>                | 352,204                |
|  | <hr/>                         | <hr/>                  |
| <b>NET ASSETS</b>                            | <b>856,660</b>                | 1,129,746              |
|  | <hr/> <hr/>                   | <hr/> <hr/>            |
| <b>EQUITY</b>                                |                               |                        |
| Equity attributable to owners of the Company |                               |                        |
| Issued capital                               | <b>166,551</b>                | 44,935                 |
| Reserves                                     | <b>597,056</b>                | 991,669                |
|  | <hr/>                         | <hr/>                  |
|  | <b>763,607</b>                | 1,036,604              |
| Non-controlling interests                    | <b>93,053</b>                 | 93,142                 |
|  | <hr/>                         | <hr/>                  |
| <b>TOTAL EQUITY</b>                          | <b>856,660</b>                | 1,129,746              |
|  | <hr/> <hr/>                   | <hr/> <hr/>            |

## 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 production and sales of calcium carbonate products 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 (“IFRS Accounting Standards”), 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 NEW OR AMENDMENTS TO IFRS ACCOUNTING STANDARDS

In the current year, the Group has applied the following new or amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

|   |  |
|---|--|
| IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17) | Insurance Contracts  |
| Amendments to IAS 1 and IFRS Practice Statement 2                         | Disclosure of Accounting Policies  |
| Amendments to IAS 8   | Definition of Accounting Estimates   |
| Amendments to IAS 12  | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to IAS 12  | International Tax Reform — Pillar Two Model Rules                                |

The application of the new or amendments to IFRS Accounting Standards 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, except as described below.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the IFRS Accounting Standards, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

### **2.3 AMENDMENTS TO IFRS ACCOUNTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE**

The Group has not early applied the following amendments to IFRS Accounting Standards that have been issued but are not yet effective:

|                                  |  |
|----------------------------------|--|
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup> |
| Amendments to IFRS 16            | Lease Liability in a Sale and Leaseback <sup>1</sup>   |
| Amendments to IAS 1              | Classification of Liabilities as Current or Non-current <sup>1</sup>                               |
| Amendments to IAS 1              | Non-current Liabilities with Covenants <sup>1</sup>  |
| Amendments to IAS 7 and IFRS 7   | Supplier Finance Arrangement <sup>1</sup>  |
| Amendments to IAS 21             | Lack of Exchange ability <sup>2</sup>  |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all these amendments to IFRS Accounting Standards 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 (2022: two) reportable and operating segments as below:

- (a) the marble products segment produces marble stone products and calcium carbonate products mainly by 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, impairment loss on non-current and current assets, written-off of mining rights, 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.

**Year ended 31 December 2023**

|  | <b>Marble<br/>products<br/>RMB'000</b> | <b>Others<br/>RMB'000</b> | <b>Total<br/>RMB'000</b> |
|--|--|---------------------------|--------------------------|
| SEGMENT REVENUE  | 76,624                                 | 908                       | 77,532                   |
| <b>Segment results</b>   | <b>(38,385)</b>                        | <b>(2,389)</b>            | <b>(40,774)</b>          |
| <i>Reconciliation:</i>   |  |                           |                          |
| Interest income  |  |                           | 82                       |
| Impairment losses recognised in the statement of<br>profit or loss |  |                           | (28,911)                 |
| Written-off of mining rights                                       |  |                           | (282,093)                |
| Finance costs (other than interest on lease liabilities)           |  |                           | (20,539)                 |
| Foreign exchange losses  |  |                           | (6,940)                  |
| Corporate and other unallocated expenses                           |  |                           | <u>(13,921)</u>          |
| Loss before tax  |  |                           | <u><u>(393,096)</u></u>  |

**Year ended 31 December 2022**

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

#### 4. OTHER INCOME AND GAINS

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

|   | <b>2023</b>           | 2022           |
|---|-----------------------|----------------|
|   | <b><i>RMB'000</i></b> | <i>RMB'000</i> |
| Rental income                                   | –                     | 283            |
| Refund of value-added tax                       | <b>3,766</b>          | 3,161          |
| Bank interest income                            | <b>82</b>             | 321            |
| Deferred income released to profit or loss      | <b>210</b>            | 210            |
| Government grants*                              | <b>94</b>             | 1,217          |
| Miscellaneous                                   | <b>14</b>             | 4              |
| Gain on disposal/deregistration of subsidiaries | <b>1,065</b>          | 4,750          |
| Gain on disposal of associate                   | –                     | 481            |
|   | <hr/>                 | <hr/>          |
| Total other income and gains                    | <b><u>5,231</u></b>   | <u>10,427</u>  |

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

#### 5. FINANCE COSTS

An analysis of finance costs is as follows:

|  | <b>2023</b>           | 2022           |
|--|-----------------------|----------------|
|  | <b><i>RMB'000</i></b> | <i>RMB'000</i> |
| Interest on bank loans                     | <b>2,161</b>          | 2,190          |
| Interest on other borrowings               | <b>17,138</b>         | 20,825         |
| Unwinding of a discount for rehabilitation | <b>1,240</b>          | 1,131          |
| Interest on lease liabilities              | <b>92</b>             | 118            |
|  | <hr/>                 | <hr/>          |
|  | <b><u>20,631</u></b>  | <u>24,264</u>  |



## 6. LOSS BEFORE TAX

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

|  | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Cost of inventories sold   | <u>66,825</u>          | <u>64,120</u>          |
| Employee benefit expense   |                        |                        |
| Wages and salaries   | 18,758                 | 16,473                 |
| Welfare and other benefits   | 338                    | 562                    |
| Pension scheme contributions   |                        |                        |
| — Defined contribution fund  | 2,073                  | 2,219                  |
| Housing fund   | 288                    | 434                    |
| Equity-settled share option expense                                    | <u>—</u>               | <u>5,512</u>           |
| Total employee benefit expense   | <u>21,457</u>          | <u>25,200</u>          |
| Depreciation of property, plant and equipment                          | 22,815                 | 23,695                 |
| Depreciation of investment properties                                  | 602                    | 955                    |
| Depreciation of right-of-use assets                                    | 9,880                  | 10,448                 |
| Amortisation of intangible assets                                      | <u>10</u>              | <u>249</u>             |
| Depreciation and amortisation expenses                                 | <u>33,307</u>          | <u>35,347</u>          |
| Impairment losses recognised on:                                       |                        |                        |
| Trade receivables  | 18,175                 | 1,415                  |
| Investment properties  | 1,180                  | —                      |
| Mining rights  | —                      | 65,169                 |
| Prepayments, other receivables and other assets                        | 9,169                  | —                      |
| Property, plant and equipment  | <u>387</u>             | <u>—</u>               |
| Total impairment losses recognised                                     | <u>28,911</u>          | <u>66,584</u>          |
| Written-off of mining rights   | 282,093                | —                      |
| Loss on disposal of property, plant and equipment, net                 | 3,427                  | —                      |
| Lease payments not included in the measurement of<br>lease liabilities | 96                     | 150                    |
| Auditor's remuneration   | 1,260                  | 1,200                  |
| Foreign exchange loss, net   | 6,940                  | 442                    |
| Bank interest income   | <u>(82)</u>            | <u>(321)</u>           |

## 7. INCOME TAX EXPENSE/(CREDIT)

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 (2022: 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 2023.

The major components of income tax expense were as follows:

|   | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Current — PRC                                 |                        |                        |
| Charge for the year                           | 237                    | 154                    |
| Underprovision/(overprovision) in prior years | 1,798                  | (1,575)                |
| Deferred tax                                  | <u>1,089</u>           | <u>372</u>             |
|   | <u><u>3,124</u></u>    | <u><u>(1,049)</u></u>  |

## 8. DIVIDENDS

The directors do not recommend any payment of dividend for the year ended 31 December 2023 (2022: 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 2023 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 384,383,287 (2022: 238,057,935\* 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 2023 and 2022 as there was no potential shares outstanding.

\* Restated base on the rights issue that took place on 6 November 2023.

## 10. TRADE RECEIVABLES

|                             | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|-----------------------------|------------------------|------------------------|
| Trade receivables           | <b>86,031</b>          | 84,883                 |
| Allowance for credit losses | <b>(61,085)</b>        | (55,884)               |
|                             | <b>24,946</b>          | 28,999                 |

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.

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

|                     | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---------------------|------------------------|------------------------|
| Within 1 month      | <b>19,156</b>          | 13,545                 |
| 1 to 3 months       | <b>3,053</b>           | 6,384                  |
| Over 3 to 6 months  | <b>2,291</b>           | 3,474                  |
| Over 6 to 12 months | <b>446</b>             | 5,596                  |
| Over 1 year         | –                      | –                      |
|                     | <b>24,946</b>          | 28,999                 |

## 11. TRADE PAYABLES

|                | <b>2023</b><br><b>RMB'000</b> | 2022<br><i>RMB'000</i> |
|----------------|-------------------------------|------------------------|
| Trade payables | <b>21,133</b>                 | 23,081                 |

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

|                    | <b>2023</b><br><b>RMB'000</b> | 2022<br><i>RMB'000</i> |
|--------------------|-------------------------------|------------------------|
| Within 1 month     | <b>3,831</b>                  | 4,553                  |
| Over 1 to 2 months | <b>1,766</b>                  | 1,170                  |
| Over 2 to 3 months | –                             | 5,853                  |
| Over 3 months      | <b>15,536</b>                 | 11,505                 |
|                    | <b>21,133</b>                 | 23,081                 |

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. DISPOSAL OF SUBSIDIARIES (AND INVESTMENT IN AN ASSOCIATE)

|   | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Property, plant and equipment                 | 1,214                  | 1,228                  |
| Right-of-use assets                           | 213                    | –                      |
| Intangible assets                             | –                      | 285                    |
| Investment in an associate ( <i>Note</i> )    | 42,379                 | –                      |
| Inventories                                   | –                      | 3,565                  |
| Prepayments, deposits and other receivables   | 24,726                 | 10,807                 |
| Cash and bank balances                        | 23                     | 6,311                  |
| Other payables                                | (69,270)               | (22,899)               |
| Short term borrowing                          | –                      | (3,947)                |
| Lease liabilities                             | (236)                  | –                      |
|   | <hr/>                  | <hr/>                  |
| Net liabilities disposed of                   | (951)                  | (4,650)                |
| Non-controlling interests                     | (14)                   | –                      |
| Gain on disposal                              | 1,065                  | 4,750                  |
|   | <hr/>                  | <hr/>                  |
| Satisfied by cash                             | 100                    | 100                    |
|   | <hr/>                  | <hr/>                  |
| Cash consideration                            | 100                    | 100                    |
| Cash and bank balance disposed of             | (23)                   | (6,311)                |
|   | <hr/>                  | <hr/>                  |
| Net cash inflow/(outflow) arising on disposal | 77                     | (6,211)                |
|   | <hr/>                  | <hr/>                  |

*Note:*

The investment represents 49% equity interests in an associate (Shanghai Yunyi) held by a disposed subsidiary. As such the associate is deemed to be disposed of together with the disposed subsidiary.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **General**

The Year of 2023 continued to be a very tough and challenging year despite a short-term rapid economic rebound in China in early 2023, which has been fizzled out after nearly three years of Covid-19 pandemic restrictions. The uncertainty about China's economy was rising and it appeared that a lack of confidence in China's economic growth has been continually spreading. The much-anticipated solid growth in the post-coronavirus recovery did not materialize in 2023. To cope with the challenging environment, the Group continued to take 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, mining excavation, as well as payment in advance until the operating environment became more clear and stable.

#### **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 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 RMB11.3 million during the Year, representing 67.2% decrease as compared to approximately RMB34.4 million in the previous year. The decrease was mainly due to the very weak market demand from the real estate construction sector even though the Group has been taking a low-margin strategy.

Apart from the marble business, our marble downstream calcium carbonate business also faced a relatively better market situation and had 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 RMB65.3 million to the Group's revenue as compared to RMB53.1 million in the previous year, representing an increase of approximately RMB12.2 million (or 23.0%).

### **Rejections Of Mining License Renewal Application**

Lichuan Lotus Construction Material Co., Limited ("Lotus Materials"), a PRC subsidiary 80% owned by the Group, received a notification dated 19 March 2024 from the Natural Resources and Planning Bureau of Lichuan City ("Lichuan Natural Resources Bureau") in Hubei Province that Lichuan Natural Resources Bureau has decided to reject the application for the renewal of mining license of Lichuan Mine. Therefore, Lotus Material has to write off the mining right of Lichuan Mine, resulting in a loss of RMB165.5 million in the financial year ended 31 December 2023. The management of Lotus Material is seeking legal opinion and is trying to liaise with Lichuan Natural Resources Bureau to revoke their decision (if possible). Further announcement(s) will be made if there is any progress.

Jiangxi Jueshi (Ji'an) Mining Co., Limited ("Ji'an Mining"), a PRC subsidiary wholly-owned by the Group, received a notification dated 18 March 2024 from the Natural Resources Bureau of Yongfeng County ("Yongfeng Natural Resources Bureau") in Jiangxi Province that Yongfeng Natural Resources Bureau has decided to reject the application for the renewal of mining license of Zhangxi Mine. Therefore, Ji'an Mining has to write off the mining right of Zhangxi Mine, resulting in a loss of RMB116.6 million in the financial year ended 31 December 2023. The management of Ji'an Mining is seeking legal opinion and is trying to liaise with Yongfeng Natural Resources Bureau to revoke their decision (if possible). Further announcement(s) will be made if there is any progress.

### **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 2020, the Group decided to continue 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 2023 (2022: 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, the 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 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 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 2023, the Group's revenue from warehouse logistics segment amounted to approximately RMB0.91 million, representing 40.9% decrease, as compared to approximately RMB1.54 million in 2022. 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.

## **FINANCIAL REVIEW**

### **Revenue**

In 2023, the Group recorded an operating revenue of approximately RMB77.5 million (2022: approximately RMB89.1 million), representing a decrease of approximately RMB11.6 million (or 13.0%) compared to that of 2022. The sales of marble stone products contributed 14.6% or approximately RMB11.3 million (2022: 38.7% or approximately RMB34.4 million) to the Group's total revenue. And the sales of calcium carbonate products contributed 84.2% or approximately RMB65.3 million (2022: 59.6% or approximately RMB53.1 million) to the Group's total revenue.



### *Sales by Product Categories*

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

|   | 2023                              |       | 2022                              |       |
|---|-----------------------------------|-------|-----------------------------------|-------|
|   | Approximate percentage<br>RMB'000 | (%)   | Approximate percentage<br>RMB'000 | (%)   |
| Marble stone products                   | 11,320                            | 14.6  | 34,441                            | 38.7  |
| Calcium carbonate products              | 65,304                            | 84.2  | 53,092                            | 59.6  |
| Revenue from segment of marble products | 76,624                            | 98.8  | 87,533                            | 98.3  |
| Warehouse logistics                     | 908                               | 1.2   | 1,536                             | 1.7   |
| Commodity trading                       | –                                 | –     | –                                 | –     |
| Total                                   | 77,532                            | 100.0 | 89,069                            | 100.0 |

### **Cost of Sales**

For the year ended 31 December 2023, the Group's total cost of sales amounted to approximately RMB67.5 million (2022: RMB76.3 million), including the cost relating to marble stone products of approximately RMB10.4 million and the cost relating to calcium carbonate products of approximately RMB56.7 million which represented approximately 15.3%, and 84.1% 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 2023, the Group realised a gross profit amounted to approximately RMB10.1 million (2022: RMB12.8 million). The overall gross profit margin in 2023 was approximately 13.0%, while the overall gross profit margin in 2022 was approximately 14.4%. The Group has been taking a low-margin strategy since 2022 to cope with the very weak market conditions due to Covid-19 pandemic and economic downturn in China, particularly the real estate construction sector. Such low-margin strategy is expected to be maintained in the foreseeable future until the market conditions improve.

## **OTHER INCOME AND GAINS**

Other income and gains, mainly comprised of gains on disposed of non-operating subsidiaries/associate, government grants and refund of value-added tax, were approximately RMB5.2 million (2022: RMB10.4 million). Compared with 2022, other income and gains decreased by approximately RMB5.2 million mainly due to decrease in gains on disposal of subsidiaries/associate and government grants of approximately by RMB4.2 million and RMB1.1 million respectively.

## **OTHER EXPENSES**

Other expenses, mainly comprised of provision of obsolete inventories/inventory scrap loss, loss on disposal of property, plant and equipment, depreciation of investment properties and penalty, were approximately RMB17.4 million (2022: RMB19.5 million). Compared with 2022, other expenses decreased by approximately RMB2.1 million mainly due to the fact that there was an inventory scrap loss of approximately RMB12.3 million and a loss on disposal of property, plant and equipment in the amount of approximately RMB3.4 million in 2023 while there was a provision of obsolete inventories of approximately RMB19.1 million in 2022.

## **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 RMB1.9 million, representing approximately 2.5% of the Group's total revenue while the selling and distribution expenses of approximately RMB2.4 million in 2022 accounted for approximately 2.7% of the Group's total revenue. The selling and distribution expenses decreased slightly by approximately RMB0.5 million because of relatively less sale and marketing activities in 2023.

## **ADMINISTRATIVE EXPENSES**

Administrative expenses, mainly consisted of equity-settled share option expenses, salaries of administrative staff, consultancy fees and depreciation expense, were approximately RMB49.8 million (2022: RMB55.1 million). Administrative expenses decreased by approximately RMB5.3 million, mainly due to the decrease of equity-settled share option expenses by approximately RMB5.5 million in the Year.

## **IMPAIRMENT LOSS**

The aggregate impairment losses on (i) trade receivables, (ii) prepayments, other receivables and other assets, (iii) investment properties, and (iv) mining rights were decreased by approximately RMB37.7 million in total as compared to that of 2022. The decrease of such impairment losses was mainly because of the impairment loss of mining rights of RMBnil (2022: RMB65.2 million), and the impairment losses of trade receivables of approximately RMB18.2 million (2022: RMB1.4 million), prepayments, deposits and other receivables of approximately RMB9.2 million (2022: nil), and investment properties of approximately RMB1.2 million (2022: nil) in 2023.

## **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 RMB20.6 million (2022: approximately RMB24.3 million). Finance costs decreased by approximately RMB3.7 million as compared to that of 2022, which was mainly attributable to (i) the reduce of the Group's interest-bearing debt level; and (ii) 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 increased by approximately RMB4.1 million from a tax credit of approximately RMB1.0 million for the year ended 31 December 2022 to a tax expenses of approximately RMB3.1 million for the year ended 31 December 2023. The increase was mainly due to (i) an underprovision of tax expenses of approximately RMB1.8 million for prior years recognized in 2023, while there was an over-provision of approximately RMB1.6 million for prior years recognized in 2022, and (ii) an increase in deferred tax provision of approximately RMB0.7 million.

## **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 RMB396.1 million, which increased by RMB247.9 million as compared to the net loss of approximately RMB148.2 million for the year ended 31 December 2022. The increase in net loss was mainly due to (i) the decrease in revenue and other income and gains by approximately RMB11.6 million and RMB5.2 million respectively, and (ii) the written-off of mining rights of approximately RMB282.1 million (2022: nil), offsetting by (i) the decreases in administrative expenses and financial costs by approximately RMB5.3 million and RMB3.7 million respectively, and (ii) the decreases of aggregate impairment losses on the mining rights and other classes of assets by approximately RMB37.7 million.

## **INVENTORIES**

The Group's inventories decreased by approximately 57.0%, from approximately RMB43.7 million as at 31 December 2022 to approximately RMB18.8 million as at 31 December 2023. The decrease was mainly due to (i) the Group has substantially reduced its purchases from suppliers from RMB52.9 million in 2022 to RMB36.1 million in 2023, and (ii) the clearing sales activities of long-aged/low quality inventory of marble stone products during the second half of the Year.

## **TRADE RECEIVABLES**

The Group's trade receivables decreased from approximately RMB29.0 million as at 31 December 2022 to approximately RMB24.9 million as at 31 December 2023. The decrease was primarily due to the decrease in the Group's sale by approximately RMB11.6 million and the increase in impairment loss on trade receivables by approximately RMB16.8 million, offsetting by the fact that approximately 65.3% of the Group's sale were recorded in the second half of the Year.

## **TRADE PAYABLES**

The Group's trade payables decreased from approximately RMB23.1 million as at 31 December 2022 to approximately RMB21.1 million as at 31 December 2023. The decrease was primarily due to the netting effect of (i) the Group has slowed down its settlements to suppliers and (ii) the Group has substantially reduced its purchases from suppliers from RMB52.9 million in 2022 to RMB36.1 million in 2023.

## **NET CURRENT ASSETS**

Net current assets of the Group increased from approximately RMB17.9 million as at 31 December 2022 by 439% to approximately RMB96.5 million as at 31 December 2023, which was primarily due to the fund raising activities of Share Subscription and Rights Issue (both of which in aggregate contributed a net proceeds of RMB123.1 million) during the Year.

## **CURRENT RATIO**

The current ratio, being current assets over current liabilities, was 1.6 as at 31 December 2023 (31 December 2022: 1.1).

## **BORROWINGS**

The Group generally finances its operations with internally generated cash flows, other borrowings and banking credit facilities. As at 31 December 2023, the Group had total bank loans and other borrowings of RMB337.8 million (31 December 2022: RMB344.2 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 2023, the gearing ratio was 27.6% (2022: 29.1%).

## **CAPITAL STRUCTURE**

### **1. Increase In Authorised Share Capital**

Pursuant to an ordinary resolution passed by the Company's shareholders in a general meeting on 14 September 2023, the total amount of authorised share capital of the Company was increased from HK\$100,000,000 divided into 500,000,000 shares of HK\$0.20 each to HK\$300,000,000 divided into 1,500,000,000 shares of HK\$0.20 each. Particulars of this event was set out in the Company's circular dated 25 August 2023 and the Company's announcements dated 28 July 2023, 4 August 2023 and 14 September 2023 respectively.

### **2. Subscription of New Shares**

Pursuant to a share subscription agreement dated 5 May 2023 entered between the Company and a subscriber, the Company issued and allotted 46,000,000 new shares to the subscriber at a subscription price of HK\$0.28 per share in cash (the "Share Subscription"). The net proceeds from the Share Subscription was approximately HK\$12.83 million (equivalent to approximately RMB11.6 million). Particulars of this event was set out in the Company's announcements dated 5 May 2023 and 13 June 2023 respectively.

### **3. Rights Issues**

During the Year, the Company conducted a rights issue exercise by issuing 617,249,750 rights shares at the subscription price of HK\$0.20 per rights share on the basis of two rights shares for every one existing share of the Company held by the qualifying shareholders of the Company on the record date (the "Rights Issue"). The Rights Issue exercise was completed on 6 November 2023 with all rights shares being fully subscribed. The net proceeds from the Rights Issue was approximately HK\$121.15 million (equivalent to approximately RMB111.51 million). Particulars of this event was set out in the Company's prospectus dated 28 September 2023, Company's circular dated 25 August 2023 and the Company's announcements dated 28 July 2023, 4 August 2023, 14 September 2023 and 3 November 2023 respectively.

## USE OF PROCEEDS FROM THE SHARE SUBSCRIPTION AND THE RIGHTS ISSUE

The use of the net proceeds from the Share Subscription and the Rights Issue are as follows:

### Subscription of 46,000,000 new shares issued on 13 June 2023

As disclosed in the Company's announcements dated 5 May 2023 and 13 June 2023 respectively, it was expected that the net proceeds from the Share Subscription would be utilised for the repayment of part of the Group's current debt, where to the extent that any part of the net proceeds is not applied for such purpose, such proceeds are intended to be applied for general working capital of the Group and/or any investment opportunities in related business as identified by the Group from time to time.

The followings are the utilizations of the net proceeds from the Share Subscription from its completion on 13 June 2023 up to 31 December 2023:

|  | <i>HK\$'million</i> |
|--|---------------------|
| Net proceeds                             | 12.83               |
| Repayment of current debt                | 10.00               |
| General working capital                  | <u>2.83</u>         |
| Total of fund utilized                   | <u>12.83</u>        |
| Remaining balance as at 31 December 2023 | <u>–</u>            |

### Issue of 617,249,750 rights shares under the Rights Issue on 6 November 2023

As disclosed in the Company's circular and prospectus dated 25 August 2023 and 28 September 2023 respectively, the Company intended to apply the net proceeds as follows: as to (i) approximately HK\$110.00 million for repayment of loans and other payables of the Group; and (ii) approximately HK\$11.15 million as general working capital of the Group, in which approximately HK\$4.10million for salaries expenses, approximately HK\$4.10million for purchase of raw materials, approximately HK\$2.05 million for professional fees and HK\$0.90 million for daily operation expenses.

The followings are the utilizations of the net proceeds from the Rights Issue from its completion on 6 November 2023 up to 31 December 2023:

| <b>Intended use</b>                   | <b>Planned use<br/>of proceeds</b> | <b>Utilization<br/>up to<br/>31 December<br/>2023</b> | <b>Balance<br/>up to<br/>31 December<br/>2023</b> |
|---------------------------------------|------------------------------------|---|---|
|                                       | <i>HK\$ million</i>                | <i>HK\$ million</i>                                   | <i>HK\$ million</i>                               |
| Repayment of loans and other payables | 110.00                             | 10.00   | 100.00  |
| General working capital:              |                                    |   |   |
| — Salaries expenses                   | 4.10                               | 3.34  | 0.76  |
| — Purchase of raw materials           | 4.10                               | –   | 4.10  |
| — Professional fees                   | 2.05                               | 0.41  | 1.64  |
| — Daily operation expenses.           | 0.90                               | 0.23  | 0.67  |
| <b>Total</b>                          | <b>121.15</b>                      | <b>13.98</b>  | <b>107.17</b>                                     |

## **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. In 2023, the Group's expenditure for purchase of property, plant and equipment aggregated to approximately RMB5.8 million (2022: approximately RMB45.8 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 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 2023, the total number of full-time employees of the Group was 201 (31 December 2022: 209). Employee costs (including the Directors' remunerations) totally amounted to approximately RMB21.5 million for 2023 (2022: approximately RMB25.2 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 2023, the contributions of approximately RMB2.1 million (2022: approximately RMB2.2 million) were charged to the profit and loss account as they became payable in accordance with the rules of the central pension scheme.

## **PLEDGE OF ASSETS**

As at 31 December 2023, the Group had buildings of approximately RMB21.3 million (2022: RMB23.5 million) pledged as security for obtaining certain bank and other loans granted to the Group.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 31 December 2023, the Group had no capital commitments for acquisition of property, plant and equipment, which were contracted but not provided for (2022: nil). As at 31 December 2023, the Group had no material contingent liabilities.



## **IMPORTANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD**

### **Adoption of 2024 Share Schemes**

The Company held an extraordinary general meeting on 19 January 2024 (the “EGM”). Pursuant to ordinary resolutions approved by the Company’s shareholders in the EGM, the Company adopted (i) a new share option scheme (the “2024 Share Option Scheme”) and (ii) a share award scheme (the “2024 Share Award Scheme”). The total number of shares which may be allotted and issued in respect of all options and awards that may be granted under the 2024 Share Option Scheme and the 2024 Share Award Scheme was 92,587,462 shares. Particulars of this event was set out in the Company’s circular dated 22 December 2023 and the Company’s announcements dated 27 November 2023, 15 December 2023 and 19 January 2024 respectively.

### **Subscription of New Shares**

Pursuant to a share subscription agreement dated 26 January 2024 entered between the Company and a subscriber, the Company issued and allotted 61,720,000 new shares to the subscriber at a subscription price of HK\$0.20 per share in cash on 6 February 2024. The net proceeds from the share subscription was approximately HK\$12.24 million (equivalent to approximately RMB11.13 million). Particular of this event was set out in the Company’s announcements dated 26 January 2024 and 6 February 2024 respectively.

## **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 2023 under Chinese Standards.

| <b>RESOURCES</b> | <b>Millions of cubic meters</b> |
|------------------|---------------------------------|
| 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 in 2023 (2022: 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 2023 under the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (“JORC Code”).

| <b>RESOURCES</b> | <b>Millions of<br/>cubic meters</b> |
|------------------|-------------------------------------|
| Measured         | 51.2                                |
| Indicated        | 46.6                                |
| Inferred         | 8.8                                 |
|                  | <hr/>                               |
| Total            | 106.6                               |
|                  | <hr/> <hr/>                         |

| <b>RESOURCES</b> | <b>Millions of<br/>cubic meters</b> |
|------------------|-------------------------------------|
| Proved           | 23.0                                |
| Probable         | 21.0                                |
|                  | <hr/>                               |
| Total            | 44.0                                |
|                  | <hr/> <hr/>                         |

The estimated resources and reserves of the Yongfeng Mine as of 31 December 2023 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 2023.

The estimated resources and reserves of Yongfeng Mine as of both 30 September 2013 (as disclosed in the Prospectus) and 31 December 2023 (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 2023 were identical.

The Group took exploration, development and production activities with a volume of approximately 473.4 cubic metres for Yongfeng Mine in 2023 (2022: approximately 3,412.0 cubic metres).

## **OUTLOOK**

Looking forward, the Group expects that China's economic recovery will still be constrained by the weakening domestic demand, structural property slump, deepening global manufacturing downturn and worsening geopolitical tensions. There is no sign of an imminent policy response to shore up the domestic recovery from China's government. The Group may face challenges for the business growth in forthcoming years. The Group will maintain a high degree of vigilance against unpredictable international developments and any sensitive external factors that may adversely affect the Group's business. The Group will continue to consolidate the production and operations and adjust its business plan to cope with its ever-changing business environments. The Group will also 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 further 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.

## **OTHER INFORMATION**

### **SHARE CAPITAL**

The total amount of authorised share capital of the Company is HK\$300,000,000 divided into 1,500,000,000 ordinary shares of HK\$0.20 each, with 925,874,625 ordinary shares in issue as at 31 December 2023.

During the Year, the Company issued 663,249,750 ordinary shares in total resulting from subscription of 46,000,000 new shares at HK\$0.28 per share and rights issues of 617,249,750 rights shares at HK\$0.20 per share.

### **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 2023.

## **NON-COMPLIANCE WITH LISTING RULES**

There was no non-compliance with Listing Rules during the year ended 31 December 2023.

## **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 2023.

## **DIVIDEND**

The Board does not recommend payment of final dividend for the year ended 31 December 2023 (2022: 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 2023.

## **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 2023, 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 2023.

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 2023 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 2023 ANNUAL REPORT**

This audited results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.artgo.cn](http://www.artgo.cn)). The annual report of the Company for the year ended 31 December 2023 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, 28 March 2024

*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.*