ARTGO MINING HOLDINGS LIMITED
雅 高 礦 業 控 股 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 03313)

Results Announcement for the Year ended 31 December 2013

Results Highlights

For the year ended 31 December 2013:

- The revenue of the Group amounted to approximately RMB140 million, representing an increase of 16 times as compared with last year.
- The equity attributable to owners amounted to approximately RMB861 million, representing an increase of approximately RMB877 million as compared with the end of last year.
- The basic loss per share was approximately RMB0.04 cent for the year ended 31 December 2013.
- The Group commenced large-scale commercial production of the Yongfeng Mine in February 2013. The Group's net loss for the year ended 31 December 2013 was approximately RMB0.4 million (2012: net loss of RMB19.4 million).

The board (the "Board") of directors (the "Directors") of ArtGo Mining Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013. The Company's annual results for 2013 have been reviewed by the audit committee under the Board of the Company ("Audit Committee") and have been approved by the Board on 20 March 2014.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013**	2012
		RMB'000	*RMB'000*
REVENUE	3	**139,775**	8,210
Cost of sales		**(56,597)**	(4,505)
Gross profit		**83,178**	3,705
Other income and gain		**4,298**	210
Selling and distribution expenses		**(24,500)**	(7,953)
Administrative expenses		**(45,564)**	(12,257)
Other expenses		**(593)**	(855)
Finance costs	4	**(4,501)**	(2,254)
PROFIT/(LOSS) BEFORE TAX	5	**12,318**	(19,404)
Income tax expense	6	**(12,720)**	(17)
LOSS AND TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE YEAR		**(402)**	(19,421)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted (RMB cent per Share)	8	**0.04**	N/A

Details of the dividends proposed for the year are disclosed in note 7 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	**2013**	2012
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**41,051**	15,091
Intangible assets		**77,206**	21,838
Prepayments, deposits and other receivables	9	**11,144**	1,958
Payments in advance		**11,168**	1,520
Restricted deposits		**1,702**	1,702
Total non-current assets		**142,271**	42,109
CURRENT ASSETS			
Inventories	10	**60,973**	28,135
Trade receivables	11	**15,706**	41
Prepayments, deposits and other receivables	9	**10,545**	6,823
Due from related parties		**197**	2,322
Cash and bank balances		**883,235**	201,092
Total current assets		**970,656**	238,413
CURRENT LIABILITIES			
Trade payables	12	**22,967**	3,888
Other payables and accruals	13	**66,194**	9,860
Tax payable		**6,733**	20
Interest-bearing bank loans	14	**114,900**	28,000
Due to related parties		**71**	250,551
Total current liabilities		**210,865**	292,319
NET CURRENT ASSETS/(LIABILITIES)		**759,791**	(53,906)
TOTAL ASSETS LESS CURRENT LIABILITIES		**902,062**	(11,797)

	Notes	**2013**	2012
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**3,196**	2,965
Other payables	13	**27,900**	1,017
Provision for rehabilitation		**9,906**	176
Total non-current liabilities		**41,002**	4,158
Net assets/(liabilities)		**861,060**	(15,955)
EQUITY			
Equity attributable to owners of the Company			
Issued capital	15	**10,492**	—
Reserves		**850,568**	(15,955)
Total equity		**861,060**	(15,955)

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is P.O. Box 613 GT, 4th Floor Harbour Centre, George Town, Grand Cayman KY1-1107, Cayman Islands. The Company's principal place of business in Hong Kong is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

During the year, the Group was principally engaged in the business of mining, processing and sale of marble stones. There were no significant changes in the nature of the Group's principal activities during the year.

Pursuant to the group reorganisation (the "Reorganisation") in preparation for the listing of the Company's shares (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), which was completed on 7 February 2012, the Company became the holding company of subsidiaries now comprising the Group. Details of the Reorganisation were set out in the prospectus issued by the Company on 16 December 2013. The Company's shares have been listed on the Main Board of the Stock Exchange since 30 December 2013 (the "Listing Date").

In the opinion of the directors, prior and subsequent to the Listing, Liu Investment Development Holdings Group Limited ("Liu's Group"), a company incorporated in the British Virgin Islands ("BVI"), is the holding company of the Company and Mr. Liu Chuanjia ("Mr. Liu") is the ultimate controlling shareholder of the Company.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect. These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

3. REVENUE AND OPERATING SEGMENT INFORMATION

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

The Group's revenue and contribution to consolidated results are mainly derived from its sale of marble and marble related products, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Accordingly, no segment analysis is presented other than entity-wide disclosures.

Entity-wide disclosures

Information about products

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

	2013		2012	
	RMB'000	*%*	*RMB'000*	*%*
One-side-polished slabs	**77,963**	**55.8**	7,706	93.9
Cut-to-size slabs	**24,257**	**17.3**	—	—
Marble blocks	**37,555**	**26.9**	504	6.1
	139,775	**100.0**	8,210	100.0

Geographical information

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

	2013	2012
	RMB'000	*RMB'000*
Domestic*:		
Mainland China	**134,951**	7,097
Overseas	**4,824**	1,113
	139,775	8,210

* Place of domicile of the Group's principal subsidiaries, Jiangxi Jueshi (Yongfeng) Mining Co., Ltd. ("Jueshi Mining") and Huijin Stone (Xiamen) Co., Ltd. ("Xiamen Huijin Stone").

The Group's non-current assets are all located in Mainland China.

Information about major customers

Revenue from each of the major customers, which amounted to 10% or more of the total revenue, is set out below:

	2013	2012
	RMB'000	*RMB'000*
Customer A	*	1,048
Customer B	*	1,177

* Less than 10% of the total revenue

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2013	2012
	RMB'000	*RMB'000*
Interest on bank loans	**1,941**	2,254
Interest on payables relating to the purchase of mining rights	**1,984**	—
Unwinding of a discount	**576**	—
	4,501	2,254

5. PROFIT/(LOSS) BEFORE TAX

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

	2013	2012
	RMB'000	*RMB'000*
Cost of inventories sold	**56,597**	4,505
Employee benefit expense (including directors' and chief executive's remunerations)	**28,785**	9,383
Depreciation of items of property, plant and equipment	**3,284**	1,388
Amortisation of intangible assets	**757**	2,951
Minimum lease payments under operating leases:		
- Office	**1,536**	585
- Warehouses	**2,870**	481
- Parcels of land located at Shangsheng Village	**283**	34
Auditors' remuneration	**1,509**	6
Listing fees expensed off	**29,494**	2,297
Foreign exchange loss/(gain), net	**(1,873)**	632
Loss on disposal of items of property, plant and equipment	**1**	84

6. INCOME TAX

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 during the year.

Pursuant to the income tax rules and regulations in the People's Republic of China ("PRC"), the subsidiaries located in Mainland China are liable to PRC corporate income tax at a rate of 25% on the assessable profits generated during the year.

The major components of income tax expense were as follows:

	2013	2012
	RMB'000	*RMB'000*
Current - Mainland China Charge for the year	**12,489**	20
Deferred	**231**	(3)
	12,720	17

A reconciliation of the income tax expense and profit/(loss) before tax at the applicable tax rate is as follows:

	2013	2012
	RMB'000	*RMB'000*
Profit/(loss) before tax	**12,318**	(19,404)
Add: disallowed expenses incurred by the Company*	**34,637**	1,721
Profit before tax generated/(loss before tax incurred) by Hong Kong and PRC subsidiaries	**46,955**	(17,683)
Tax at the respective statutory tax rates:		
- Mainland China subsidiaries, at 25%	**10,448**	(4,405)
- Hong Kong subsidiary, at 16.5%	**852**	(10)
Non-deductible expenses	**211**	854
Deferred tax assets not recognised:		
- Deductible temporary differences	**5,003**	529
- Unused tax losses	**133**	3,029
Income not subject to tax	**(997)**	—
Utilised tax losses not recognised in previous years	**(3,029)**	—
Withholding income tax of 10% on interest paid by a Mainland China subsidiary to a Hong Kong subsidiary	**99**	20
Income tax expense	**12,720**	17

* Expenses incurred by the Company during the year mainly consist of listing fees and equity-settled share option expense incurred by the Company (2012: listing fees). These expenses are not expected to be tax deductible.

7. DIVIDENDS

The Board does not recommend payment of dividend to the ordinary equity holders of the Company for the year ended 31 December 2013.

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

The calculation of basic loss per share for the year ended 31 December 2013 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 992,210,587 in issue during the year.

The weighted average number of shares used to calculate the basic loss per share for the year ended 31 December 2013 includes the weighted average number of shares of (a) 2 shares subscribed by Liu's Group as referred to in note 15(a) to the financial statements, (b) 999,999,898 shares capitalised from the Company's share premium as referred to in note 15(b) to the financial statements, and (c) 333,334,000 shares issued upon the Listing as referred to in note 15(c) to the financial statements.

No adjustment has been made to the basic loss per share amount presented for the year ended 31 December 2013 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

Loss per share information for the year ended 31 December 2012 was not considered meaningful due to the Reorganisation as described in note 1 to the financial statements.

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	**2013**	2012
		RMB'000	*RMB'000*
Current portion:			
Prepayments in respect of:			
- Office rental		**141**	126
- Warehouse rental		**1,620**	961
- Lease of parcels of land located at Shangsheng Village	(a)	**819**	142
- Purchase of materials and supplies		**2,240**	331
Deferred listing fees	(b)	**—**	1,136
Deposits		**2,338**	881
Interest income receivables		**1,033**	61
Deductible input value-added tax		**711**	2,346
Other receivables		**1,643**	839
		10,545	6,823
Non-current portion:			
Prepayment in respect of the lease of parcels of land located at Shangsheng Village	(a)	**11,144**	1,958
		21,689	8,781

Notes:

(a) The balances represent prepayments made to villagers for the use of parcels of land in Shangsheng Village for mining activities at the Yongfeng Mine. Based on the various agreements entered into among Jueshi Mining, the Shangsheng Village Committee and the villagers during each of the years ended 31 December 2012 and 2013, Jueshi Mining prepaid RMB2,134,000 and RMB10,146,000 in 2012 and 2013, respectively, for rights to use the said parcels of land for a period of 15 years since the effective dates of the respective lease agreements.

(b) Deferred listing fees represent legal and other professional fees relating to the initial public offering of the Company's shares and they have been deducted from equity when the Company completed the listing of the Company's shares on the Main Board of the Stock Exchange.

None of the above assets is either past due or impaired. The financial assets included in the above relate to receivables for which there was no recent history of default.

10. INVENTORIES

	2013	2012
	RMB'000	*RMB'000*
Finished goods	**51,997**	22,966
Work in progress	**8,286**	4,855
Materials and supplies	**690**	314
	60,973	28,135

As at 31 December 2013, the Group's marble blocks with a carrying amount of RMB11,341,000 were pledged as security for the Group's bank loans (2012: RMB3,244,000) (note 14).

11. TRADE RECEIVABLES

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

	2013	2012
	RMB'000	*RMB'000*
Within 1 month	**10,791**	—
1 to 3 months	**4,758**	41
3 to 6 months	**157**	—
	15,706	41

As at 31 December 2013, trade receivables contained retention money receivables of RMB565,000 (2012: Nil).

The Group's trading terms with its customers are mainly on credit, except for the new and minor customers, where payment in advance is normally required. The credit period is generally one month to three months for major customers. Specifically, for the sale of cut-to-size slabs, the Group normally requires 20% of sales in advance prior to delivery, 75% of sales to be collected within three months after the delivery of goods. The remaining 5% will be withheld by customers as retention money with respective due dates usually not more than one year after the delivery of goods.

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 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.

Based on the invoice date, except for trade receivables of RMB157,000 which were less than three months past due, all trade receivables of the Group at the end of the year were neither past due nor impaired. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

12. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the year, based on the invoice date, is as follows:

	2013	2012
	RMB'000	*RMB'000*
Within 1 month	**9,146**	3,543
1 to 2 months	**2,610**	345
2 to 3 months	**1,791**	—
Over 3 months	**9,420**	—
	22,967	3,888

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

13. OTHER PAYABLES AND ACCRUALS

	Notes	**2013**	2012
		RMB'000	RMB'000
Current portion:			
Advances from customers		**8,618**	2,900
Payables relating to:			
Exploration and evaluation assets		**1,279**	1,279
Purchase of property, plant and equipment		**1,263**	1,476
Purchase of mining rights	(a)	**9,300**	—
Transportation fee		**—**	320
Payroll and welfare		**7,485**	2,120
Listing fees		**28,102**	—
Taxes other than income tax		**2,644**	28
Mineral resources compensation fees		**1,874**	—
Advertisement fees		**900**	—
Distributors' earnest monies		**790**	560
Interest payables relating to:			
Bank loan		**214**	62
Purchase of mining rights	(a)	**1,984**	—
Others		**1,741**	1,115
		66,194	9,860
Non-current portion:			
Payables relating to:			
Purchase of mining rights	(a)	**27,900**	—
Purchase of property, plant and equipment		**—**	1,017
		27,900	1,017
		94,094	10,877

Note:

(a) The balances represent payables in connection with the purchase of mining rights to the Yongfeng Mine. Pursuant to documents issued by Jiangxi Province Bureau of Land Resource ("JLR"), the total consideration is RMB55,840,000, of which Jueshi Mining settled RMB18,640,000 in January 2013, and will pay the balance by annual instalments of RMB9,300,000 within the next four years from 1 March 2014 to 1 March 2017. The payables to JLR are unsecured and bear interest at a rate with reference to the prevailing interest rate with the similar repayment term promulgated by the People's Bank of China i.e., 6.4% per annum.

Except for the payables as described above and payables relating to the purchase of property, plant and equipment which will be settled by 24 instalments within two years, all other payables of the Group are non-interest-bearing and are normally settled on 30-day terms.

14. INTEREST-BEARING BANK LOANS

	Notes	2013	2012
		RMB'000	*RMB'000*
Repayable within one year:			
Secured bank loans	(a)	**49,000**	28,000
Unsecured bank loans	(b)	**65,900**	—
		114,900	28,000
Effective interest rate per annum (%)		**5.88 - 7.84**	7.28

Notes:

(a) As at 31 December 2013, the bank loans of RMB49,000,000 (2012: RMB28,000,000) were secured by marble blocks with a carrying amount of RMB11,341,000 (2012: RMB3,244,000) (note 10) with interest rate ranging from 6.44% to 7.84% per annum.

(b) As at 31 December 2013, bank loans of Xiamen Huijin Stone of RMB62,300,000 and RMB3,600,000 were guaranteed by Jueshi Mining and jointly guaranteed by the Company and Jueshi Mining, respectively.

15. SHARE CAPITAL

Shares

	2013	2012
	RMB'000	RMB'000
Authorised:		
3,000,000,000 ordinary shares of HK$0.01 each (2012: 5,000,000 ordinary shares of HK$0.01 each)	**23,651**	41
Issued and fully paid:		
1,333,334,000 ordinary shares of HK$0.01 each (2012: 100 ordinary shares of HK$0.01 each)	**10,492**	—

The following changes in the Company's authorised and issued share capital took place during the year:

Authorised share capital:

Pursuant to the shareholders' resolution passed on 9 December 2013, the authorised share capital of the Company was increased from HK$50,000 divided into 5,000,000 ordinary shares of HK$0.01 each to HK$30,000,000 divided into 3,000,000,000 ordinary shares of HK$0.01 each.

Issued and fully paid share capital:

	Notes	Number of ordinary shares	Nominal value of ordinary shares *RMB'000*
At 1 January 2013		100	—
Issue of new shares	(a)	2	—
Capitalisation of share premium account	(b)	999,999,898	7,869
Issue of new shares	(c)	333,334,000	2,623
As at 31 December 2013		1,333,334,000	10,492

Notes:

(a) On 29 June 2013, Liu's Group subscribed for two ordinary shares by way of capitalisation of an amount due to Liu's Group of RMB231,745,000 .

(b) Pursuant to the shareholders' resolution passed on 9 December 2013, an aggregate of 999,999,898 shares of HK$0.01 each of the Company were allotted and issued, credited as fully paid at par, by way of capitalisation of a sum of RMB7,869,000 from the share premium account to the Company's shareholders on 30 December 2013.

(c) In connection with the Listing, 333,334,000 shares of HK$0.01 each were issued at a price of HK$2.65 per share for a total cash consideration of HK$883,335,000 (equivalent to approximately RMB695,123,000) before share issue expenses.

The proceeds of HK$3,333,000 (equivalent to approximately RMB2,623,000), representing the par value, have been credited to the Company's share capital and the remaining proceeds of HK$880,002,000 (equivalent to approximately RMB692,500,000) have been credited to the share premium account.

16. SHARE OPTION SCHEMES

On 9 December 2013, the Company has conditionally adopted a share option scheme (the "Pre-IPO Share Option Scheme") for the purpose of providing incentives and rewards to full-time or part-time employees, executives, officers or directors (including independent non-executive directors). The Pre-IPO Share Option Scheme is conditionally upon Listing and, unless otherwise cancelled or amended, will remain in force for 42 months from that date.

On 30 December 2013, in consideration of HK$1.00 from each grantee, options to subscribe for an aggregate of 16,666,675 shares at a subscription price per share, equivalent to 10% discount of the offer price of HK$2.65 per share had been granted to seven grantees under the Pre-IPO Share Option Scheme. The percentage of options granted to each grantee under the Pre-IPO Share Option Scheme shall vest, and upon vesting become exercisable in the following manner: (a) 10%, after 6 months from the grant date; (b) 10%, after 18 months from the grant date; (c) 40%, after 30 months from the grant date; and (d) 40%, after 42 months of the grant date.

The exercise period of the share options granted under the Pre-IPO Share Option Scheme is subject to the shareholders of the Company in a general meeting approving any necessary increase in the authorised share capital of the Company, and commences after a vesting period of 6 months to 42 months and ends on 30 June 2018.

In addition, the Company also operates a new share option scheme (the "Share Option Scheme) which has been conditionally adopted by the written resolutions of the shareholders of the Company on 9 December 2013. The exercise price of share options under the Share Option Scheme is determinable by the board of directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share. The maximum number of shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of total number of shares in issue of the Company. The Share Option Scheme shall be valid and effective for a period of ten years from the date of its adoption. As at 31 December 2013, no share options were granted under the Share Option Scheme.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The exercise prices and exercise periods of the share options outstanding under the Pre-IPO Share Option Scheme as at 31 December 2013 (2012: Not applicable) are as follows:

Number of options	**Exercise price per share (HK$)**	**Exercise period**
1,666,667	2.39	From 30 June 2014 to 30 June 2015
1,666,668	2.39	From 30 June 2015 to 30 June 2016
6,666,670	2.39	From 30 June 2016 to 30 June 2017
6,666,670	2.39	From 30 June 2017 to 30 June 2018
16,666,675		

The fair value of the share options granted during the year under the Pre-IPO Share Option Scheme was HK$16,744,000 (equivalent to approximately RMB13,176,000) or approximately HK$1.00 each (equivalent to approximately RMB0.79 each), of which the Group recognised a share option expense of HK$21,000 (equivalent to approximately RMB17,000) during the year ended 31 December 2013 (2012: Not applicable)

The fair value of the equity-settled share options granted during the year under the Pre-IPO Share Option Scheme was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	Nil
Expected volatility (%)	46.05~55.29
Risk-free interest rate (%)	0.26~1.23

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 16,666,675 share options outstanding under the Pre-IPO Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 16,666,675 additional ordinary shares of the Company and additional share capital of HK$166,667 and share premium of HK$39,666,686 (before issue expenses).

At the date of approval of these financial statements, the Company had 16,666,675 share options outstanding under the Pre-IPO Share Option Scheme, which represented 1.25% of the Company's shares in issue as at that date.

17. COMMITMENTS

The Group had the following capital commitments at the end of the year:

	2013	2012
	RMB'000	*RMB'000*
Contracted, but not provided for:		
- Plant and equipment	**8,078**	2,133
- Intangible assets	**1,762**	—
- Prepaid land lease payments	**10,122**	—
	19,962	2,133

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group launched a large-scale commercial production at Yongfeng Mine in February 2013. For the year ended 31 December 2013, the Group has extracted a total of approximately 44,700 cubic meters of marble blocks in Yongfeng Mine. We have developed two operating mining areas in Yongfeng Mine, namely North #1 and North #4 mining areas. There are seven benches in North #1 mining areas and two benches in North #4 mining areas. Benefited from a favorable geographical environment and ideal geological conditions of Yongfeng Mine and based on the good foundation we laid on our mines, we are very confident in the mining of Yongfeng Mine in the future.

In 2013, we further expanded our distributor channel. As of the date of this announcement, the Group has a network with 69 distributors, covering 78 cities across 27 provinces and autonomous regions in the PRC. As the brand effect of the Company's marble products gradually became stronger and the direct sales channels increased rapidly in 2013, a good performance is expected in 2014. The first stone experience store of the Company was opened at the end of 2013 in Xiamen, focusing on the integration of the innovative design of stone and home decoration. We hope to visually lead the trend of consumers using stone with this store.

To provide customers with more comprehensive marble products, we are also actively seeking marble resources that can bring synergies to the Company and a useful complement to existing products in terms of colours.

1. Revenue

In 2013, the Group recorded an operating revenue of approximately RMB139.8 million, representing an increase of approximately RMB131.6 million compared to last year, mainly due to (i) the mining of Yongfeng Mine increased from 13,456 cubic meters in 2012 to 44,716 cubic meters in 2013; (ii) established since October 2012, our distribution network increased from 26 distributors in 2012 to 69 distributors in 2013; and (iii) benefited from the eight regional sales centres across the PRC, our direct sales channels increased rapidly in 2013, effectively improving the Group's revenue with distributors channels.

The following table sets out the domestic revenue classified by sales channels:

	Year ended 31 December 2013		Year ended 31 December 2012	
	RMB'000	*%*	*RMB'000*	*%*
Sales to distributors	**50,199**	**37.2**	3,894	55.0
Direct sales	**84,752**	**62.8**	3,203	45.0
	134,951	**100.0**	7,097	100.0

2. Cost of sales

The Group's cost of sales amounted to approximately RMB56.6 million, which mainly included processing costs, representing approximately 50.2% of cost of sales; marble blocks mining costs, representing approximately 37.7% of cost of sales; and transportation costs, representing 11.8% of cost of sales.

Processing costs

Processing costs of the Group in 2013 represented the processing fees paid to processors for processing marble blocks into slabs. Benefited from a substantial increase in processing volume and the significantly increased bargaining power of the Group with the processors, the processing fees per unit of slabs decreased from RMB77 per square metre to RMB64 per square metre, and the costs of sales per unit of slabs decreased by approximately 22.6% compared to 2012.

Marble blocks mining costs

In 2013, marble blocks mining costs of the Group mainly included mining labour costs, materials consumption, fuel, electricity, depreciation of production equipments and amortization of mining rights. Benefited from the economies of scale from mining and the strengthened control of costs from the Group, the marble blocks mining costs per unit decreased by 28.6% compared to 2012.

Transportation costs

Transportation costs included: (i) long distance transportation fees for transporting marble blocks from the blocks yard of Yongfeng Mine to Shuitou, Fujian, the processing centre; and (ii) short distance transportation fees for transporting marble blocks to the transit yard and transportation allocation between the warehouse in Shuitou and processors according to our production and processing plan.

3. Gross profit and gross profit margin

The gross profit of the Group in 2013 increased by approximately RMB79.5 million, compared to 2012. The gross profit margin in 2013 was approximately 59.5%, while the gross profit margin in 2012 was approximately 45.1%. The significant increase in the gross profit margin was mainly benefited from the combined effect of the improved quality of the Group's products, the decrease in product costs per unit and the increasing proportion of marble blocks with higher gross profit margin.

4. Other income and gain

Other income and gain mainly included interest income from bank deposits and exchange gains generated from translation into RMB. Interest income amounted to RMB2.1 million and exchange gains amounted to RMB1.9 million for the year ended 31 December 2013, due to the continued appreciation of RMB in 2013.

5. Selling and distribution expenses

Selling and distribution expenses mainly consisted of salaries of the Group's sales and distribution staff, travel expenses, advertising costs and office rents, accounting for approximately 17.5% of the revenue in 2013. The selling expenses accounted for approximately 96.9% of the revenue in 2012. As we gradually built up our sales channels and incurred expenses in brand promotion since October 2012, our selling and distribution expenses increased significantly in 2013.

6. Administrative expenses

Administrative expenses mainly included the cost of the Company's initial public offering of shares, consultancy fees, mineral resources compensation fee and salaries of administrative staff.

7. Income tax expense

Income tax expense increased from RMB17,000 in the year ended 31 December 2012 to approximately RMB12.7 million in the year ended 31 December 2013 mainly from the taxable profits generated by the Group's subsidiaries in the PRC.

8. Loss and total comprehensive loss attributable to owners of the Company for the year

Despite a significant increase of revenue in 2013, due to the non-recurring listing expenses of RMB29.5 million arising from initial public offering of the Company in 2013, we still incurred a net loss of approximately RMB0.4 million. Compared to the net loss of approximately RMB19.4 million in 2012, we nearly managed to be close to break even in 2013.

OTHER INFORMATION

Major acquisition and disposal of assets and merger issues

The Group had no major acquisition and disposal of assets and merger issues as of 31 December 2013.

Use of the proceeds

The proceeds raised from the listing of the Company amounted to approximately HK$833 million. As of 31 December 2013, none of the proceeds had been utilized.

Share Capital

The Company was listed on the Stock Exchange on 30 December 2013. The total amount of authorised share capital is HK$30,000,000 divided into 3,000,000,000 ordinary shares of HK$0.01 each, with 1,333,334,000 ordinary shares in issue. Since the Listing Date until 31 December 2013, the share capital of the Company remained unchanged.

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.

Closure of Register of Members

The register of members of the Company will be closed from 22 May 2014 to 28 May 2014 (both dates inclusive, 5 business days in total) during which period no transfer of shares will be registered. In order to attend and vote at the 2014 annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 21 May 2014.

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 since the Listing Date until 31 December 2013.

Director's Interests in Contracts

For the year ended 31 December 2013, the Company has not directly or indirectly concluded contracts of significance, in which each director has material interests, and in which the Company is a party and which still remain valid at any time during the year or at the end of the year.

Major Subsequent Events

There is no any major subsequent event occurring during the period from 1 January 2014 to the date of this announcement.

Management Contracts

For the year ended 31 December 2013, there is no contract entered into by the Company relating to its management and administration or subsisting during the year which is substantial to the entire or any part of the business of the Group.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 since the Listing Date to the date of this announcement.

Significant Legal Proceedings

For the year ended 31 December 2013, the Group has not been involved in any significant legal proceedings or arbitration. As is known to the Directors, there exist no significant legal proceedings or claim that has not been settled or is likely to be confronted with.

The Audit Committee

The Company established the Audit Committee on 9 December 2013 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Audit Committee under the Board comprises three independent non-executive Directors, namely Mr. Wang Hengzhong (as chairman), Mr. Jin Sheng and Mr. Liu Jianhua. The Audit Committee has, in conjunction with management of the Company, reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the audited consolidated financial statements for the year ended 31 December 2013 and the auditors' report thereon.

Corporate Governance Code

The Company is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and to enhance the corporate value, accountability and transparency of the Company. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code (the "CG Code") in Appendix 14 to the Listing Rules. Except for the deviation from code provision A.2.1 of the CG Code as explained below, the Company had complied with the applicable code provisions of the CG Code since the Listing Date until 31 December 2013 and throughout the period to the date of publication of this announcement. The Company will continue to enhance its corporate governance practices appropriate to the operation and growth of its business.

According to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Liu Chuanjia, in addition to his duties as the chairman of the Board, is also responsible for the strategic planning and overseeing all aspects of the Group's operations as the chief executive officer of the Company. Mr. Liu Chuanjia as the founder of the Group has extensive experience and knowledge in the business of the Group. The Board believes that his role as being the Chairman and Chief Executive Officer provides the Group with strong and consistent leadership and allows for efficient business planning and decisions. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group.

Publication of Final Results and 2013 Annual Report

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.artgo.cn). The annual report for the year ended 31 December 2013 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 of
ArtGo Mining Holdings Limited
Liu Chuanjia
Chairman and executive Director

Xiamen, PRC, 20 March 2014

As at the date of this announcement, the executive Directors are LIU Chuanjia, LI Dingcheng, WANG Pingyao and FAN Huiming, the non-executive Director is WU Yun, and the independent non-executive Directors are LIU Jianhua, WANG Hengzhong and JIN Sheng.