ARTGO HOLDINGS LIMITED
雅高控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3313)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

RESULTS HIGHLIGHTS

- The revenue of the Group for the six months ended 30 June 2015 amounted to approximately RMB150.1 million (for the six months ended 30 June 2014: approximately RMB219.1 million), representing a decrease of approximately RMB69.0 million as compared with the corresponding period in 2014.

- The profit before tax of the Group for the six months ended 30 June 2015 amounted to approximately RMB51.5 million (for the six months ended 30 June 2014: approximately RMB102.3 million), representing a decrease of approximately RMB50.8 million.

- The basic and diluted earnings per share attributable to ordinary equity holders of the Company for the six months ended 30 June 2015 amounted to approximately RMB0.03 (for the six months ended 30 June 2014: RMB0.05), representing a decrease of approximately RMB0.02.

- The Group's net profit for the six months ended 30 June 2015 was approximately RMB40.1 million (for the six months ended 30 June 2014: approximately RMB72.6 million).

The board (the "Board") of directors (the "Directors") of ArtGo Holdings Limited (the "Company", together with its subsidiaries, the "Group") is pleased to announce the unaudited interim condensed financial information of the Company for the six months ended 30 June 2015 ("Review Period"). The Company's interim results for the Review Period have been reviewed by the audit committee under the Board ("Audit Committee") and have been approved by the Board on 31 August 2015.

FINANCIAL INFORMATION

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June 2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue	*3*	**150,142**	219,080
Cost of sales		**(66,566)**	(75,755)
Gross profit		**83,576**	143,325
Other income and gains	*4*	**13,156**	7,235
Selling and distribution expenses		**(14,751)**	(12,943)
Administrative expenses		**(19,936)**	(19,775)
Other expenses		**(2,478)**	(7,634)
Finance costs	*5*	**(8,041)**	(7,933)
PROFIT BEFORE TAX	*6*	**51,526**	102,275
Income tax expense	*7*	**(11,469)**	(29,682)
PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE OWNERS OF THE COMPANY FOR THE REVIEW PERIOD		**40,057**	72,593
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted	*8*	**RMB0.03**	RMB0.05

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**63,194**	48,331
Intangible assets	*9*	**77,852**	77,413
Prepaid land lease payments	*9*	**12,635**	12,768
Prepayments, deposits and other receivables	*10*	**15,711**	16,225
Payments in advance	*10*	**500**	2,400
Restricted deposits		**1,702**	1,702
Deferred tax assets		**7,771**	5,801
Total non-current assets		**179,365**	164,640
CURRENT ASSETS			
Inventories		**69,377**	69,898
Trade and bills receivables	*11*	**49,363**	61,836
Prepayments, deposits and other receivables	*10*	**33,005**	40,739
Pledged deposits		**43,695**	36,000
Cash and bank balances		**1,030,260**	966,501
Total current assets		**1,225,700**	1,174,974
CURRENT LIABILITIES			
Trade and bills payables	*12*	**174,836**	130,470
Other payables and accruals		**73,645**	62,049
Tax payables		**14,535**	14,513
Interest-bearing bank loans	*13*	**100,000**	125,900
Due to a related party	*14*	**71**	71
Total current liabilities		**363,087**	333,003
NET CURRENT ASSETS		**862,613**	841,971
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,041,978**	1,006,611

	Notes	**30 June 2015** *RMB'000* **(Unaudited)**	31 December 2014 *RMB'000*
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**3,314**	3,174
Other payable		**9,300**	18,600
Deferred income	*15*	**5,795**	5,900
Provision for rehabilitation		**14,672**	11,712
Total non-current liabilities		**33,081**	39,386
Net assets		**1,008,897**	967,225
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**10,492**	10,492
Reserves		**998,405**	956,733
Total equity		**1,008,897**	967,225

NOTES:

1. CORPORATE INFORMATION

ArtGo Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's principal place of business in Hong Kong is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

During the Review Period, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the business of mining, processing and sale of marble stones. There were no significant changes in the nature of the Group's principal activities during the Review Period.

In the opinion of the directors, 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.

2.1 BASIS OF PREPARATION

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

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of the amendments to a number of International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board that are mandatory for the first time for financial year beginning 1 January 2015. The adoption of these new IFRSs and amendments to IFRSs has had no significant financial effect on the financial position or performance of the Group.

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 Review Period:

	For the six months ended 30 June			
	2015		2014	
	RMB'000	*%*	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
Marble blocks	**56,995**	**38**	21,457	10
One-side-polished slabs	**47,279**	**31**	46,910	21
Cut-to-size slabs	**45,868**	**31**	150,713	69
	150,142	**100**	219,080	100

Geographical information

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

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Domestic*:		
Mainland China	**143,395**	210,401
Overseas	**6,747**	8,679
	150,142	219,080

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

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

Information about major customers

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

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	*	56,082
Customer B	*	38,135

*	Less than 10% of the total revenue

4. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Bank interest income	**11,343**	6,926
Governmental subsidy	**1,509**	–
Foreign exchange gains, net	**124**	–
Miscellaneous	**180**	309
Total other income and gains	**13,156**	7,235

5. FINANCE COSTS

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans	**3,656**	3,686
Interest on instalments	**703**	992
Unwinding of discount on rehabilitation	**374**	329
Interest on bills receivable discounted *(note 11)*	**3,308**	2,926
	8,041	7,933

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**66,566**	75,755
Employee benefit expense (including directors' and chief executive's remuneration)*	**23,197**	26,910
Depreciation and amortisation *(note 9)*	**3,523**	2,975
Minimum lease payments under operating leases:		
— Office	**2,758**	1,642
— Warehouses	**3,005**	1,281
— Parcels of land located at Shangsheng Village *(note 10(a))*	**409**	410
Impairment of trade receivables *(note 11)*	**1,278**	–
Auditors' remuneration	**1,115**	1,222
Foreign exchange losses/(gains), net	**(124)**	3,288
Bank interest income *(note 4)*	**(11,343)**	(6,926)
Write off of payments in advance for software	**–**	2,750

* Total employee benefit expense includes equity-settled share option expense of RMB1,615,000 for the Review Period (six months ended 30 June 2014: RMB2,558,000).

7. INCOME TAX

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current — Mainland China		
Charged for the period	**13,299**	36,860
Deferred	**(1,830)**	(7,178)
Total tax charge for the Review Period	**11,469**	29,682

Notes:

(a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(b) No provision for Hong Kong profits tax has been made as the Group had no taxable profits derived from or earned in Hong Kong during the Review Period.

(c) Pursuant to the income tax rules and regulations in the PRC, the subsidiaries located in Mainland China are liable to PRC corporate income tax at a rate of 25% on the assessable profits generated during the Review Period.

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

The calculation of earnings per share is based on the profit attributable to owners of the Company for the Review Period of RMB40,057,000.00 (six months ended 30 June 2014: RMB72,593,000), and the weighted average number of ordinary shares of 1,333,334,000 (six months ended 30 2014: 1,333,334,000) in issue during the Review Period.

No adjustment has been made to the basic earnings per share amount presented for the Review Period and the prior period in respect of a dilution as the exercise price of the Company's outstanding share options was higher than the average market price for the Company's shares during the Review Period and the prior period.

9. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND PREPAID LAND LEASE PAYMENTS

Movements in property, plant and equipment, intangible assets and prepaid land lease payments during the Review Period are as follows:

	Property, plant and equipment	**Intangible assets**	**Prepaid land lease payments**
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Carrying amount at 1 January 2015	48,331	77,413	12,768
Additions	17,969	723	–
Depreciation/amortisation charged for the Review Period *(note 6)*	(3,106)	(284)	(133)
Carrying amount at 30 June 2015	63,194	77,852	12,635

10. PAYMENTS IN ADVANCE, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	**30 June 2015** *RMB'000* **(Unaudited)**	31 December 2014 *RMB'000*
Current portion:			
Prepayments in respect of:			
— Warehouse rental		**3,852**	1,641
— Processing fee		**3,025**	706
— Purchase of marble slabs		**2,314**	17,128
— Lease of parcels of land located at Shangsheng Village	*(a)*	**819**	819
— Purchase of materials and supplies		**493**	1,293
— Office rental		**423**	1,588
— Prepaid land lease payments to be amortised within one year *(note 9)*		**266**	266
— Others		**403**	165
Deposits		**3,941**	3,724
Interest income receivables		**11,290**	10,743
Prepaid construction payment	*(b)*	**5,000**	–
Deductible input value-added tax		**–**	1,281
Other receivables		**1,179**	1,385
		33,005	40,739
Non-current portion:			
Prepayments in respect of:			
— Lease of parcels of land located at Shangsheng Village	*(a)*	**9,916**	10,325
— Cultivated land used tax	*(c)*	**5,795**	5,900
		15,711	16,225
		48,716	56,964
Payments in advance in respect of:			
— Property, plant and equipment		**500**	2,400

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 villagers, Jueshi Mining prepaid RMB12,280,000 in aggregate, 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) The balance represents prepayment made to Zhangzhou Shuntong Construction Co., Ltd. ("Zhangzhou Shuntong") for the construction of a mining road at the Yongfeng Mine. The prepayment was refunded by Zhangzhou Shuntong in July 2015 on termination of the construction contract.

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

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.

11. TRADE AND BILLS RECEIVABLES

	30 June 2015 *RMB'000* **(Unaudited)**	31 December 2014 *RMB'000*
Trade receivables	**50,141**	61,836
Bills receivable	**500**	–
Impairment	**(1,278)**	–
	49,363	61,836

As at 30 June 2015, trade receivables included retention money receivables of RMB5,816,000 (31 December 2014: RMB11,559,000).

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 to nine months for major customers. For sales of marble slabs, 5% is 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 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.

An aged analysis of the trade receivables as at 30 June 2015 and 31 December 2014, based on the delivery date and net of provision, is as follows:

	30 June 2015 *RMB'000* **(Unaudited)**	31 December 2014 *RMB'000*
Within 1 month	**27,790**	8,633
1 to 3 months	**11,192**	6,615
3 to 6 months	**2,524**	32,080
6 to 12 months	**6,736**	13,267
Over 1 year	**621**	1,241
	48,863	61,836

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

	30 June 2015 *RMB'000* **(Unaudited)**	31 December 2014 *RMB'000*
At beginning of the Review Period	**–**	–
Impairment losses recognised *(note 6)*	**1,278**	–
	1,278	–

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivable of RMB1,278,000 (31 December 2014: Nil) with a carrying amount before provision of RMB1,886,000.

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in principal payments and only a portion of the receivables is expected to be recovered.

The aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	30 June 2015 *RMB'000* **(Unaudited)**	31 December 2014 *RMB'000*
Neither past due nor impaired	**46,076**	59,870
Past due but not impaired:		
Less than 1 month past due	**–**	812
Over 1 month and less than 3 months past due	**505**	292
Over 3 months past due	**2,282**	862
	48,863	61,836

Trade receivables that were neither past due nor impaired related to a certain number of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to independent customers that have a good track record with the Group. 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.

During the Review Period, the Group has recognised interest expense of RMB3,308,000 (six months ended 30 June 2014: RMB2,926,000) (note 5) on discounted bills issued for intra-group transactions.

12. TRADE AND BILLS PAYABLES

	30 June 2015 *RMB'000* **(Unaudited)**	31 December 2014 *RMB'000*
Trade payables	**24,286**	50,470
Bills payable	**150,550**	80,000
	174,836	130,470

An aged analysis of the trade and bills payables as at 30 June 2015 and 31 December 2014, based on the invoice date or issue date, where appropriate, is as follows:

	30 June 2015 *RMB'000* **(Unaudited)**	31 December 2014 *RMB'000*
Within 1 months	**20,558**	2,601
1 to 2 months	**78,935**	506
2 to 3 months	**3,692**	123
Over 3 months	**71,651**	127,240
	174,836	130,470

The trade payables are non-interest-bearing and are normally settled within three months after the Company obtained the invoices issued by suppliers. Bills payable were with maturity periods of 6 months or 12 months.

As at 30 June 2015, the Group's bills payable of RMB30,000,000 and RMB45,650,000 were secured by pledged time deposits of RMB30,000,000 and RMB13,695,000, respectively.

As at 30 June 2015, the Group's bills payable of RMB150,550,000 related to bills issued by one of the Group's subsidiaries and were held by banks.

13. INTEREST-BEARING BANK LOANS

	Note	**30 June 2015** *RMB'000* **(Unaudited)**	31 December 2014 *RMB'000*
Repayable within one year:			
Unsecured bank loans	*(a)*	**100,000**	125,900
Effective interest rate per annum (%)		**6.63–7.28**	6.44–7.28

Note:

(a) As at 30 June 2015 and 31 December 2014, bank loans of Xiamen Huijin Stone of RMB100,000,000 and RMB125,900,000 were guaranteed by Jueshi Mining, respectively.

14. BALANCE WITH A RELATED PARTY

	Note	**30 June 2015** *RMB'000* **(Unaudited)**	31 December 2014 *RMB'000*
Due to a related party:			
Non-trade in nature:			
— Mr. Liu	*(a)*	**71**	71

Note:

(a) As at 30 June 2015 and 31 December 2014, amounts due to Mr. Liu were denominated in RMB. These balances with Mr. Liu were non-trade, interest-free, unsecured and had no fixed terms of repayment.

15. DEFERRED INCOME

	RMB'000
Government grant	
At 1 January 2015	5,900
Released to profit or loss	(105)
At 30 June 2015 (unaudited)	5,795

Deferred income represents a government grant received by Jueshi Mining in respect of cultivated land use tax paid. Such government grant will be released to profit or loss on a straight-line method to match with amortisation of prepayments in respect of the cultivated land use tax.

16. SHARE OPTION SCHEMES

On 9 December 2013, the Company 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, executive officers or directors (including independent non-executive directors). The Pre-IPO Share Option Scheme will remain in force for 42 months from that date, unless otherwise cancelled or amended. Please refer to the 2013 annual report of the Company for details.

The exercise prices and exercise periods of the share options outstanding under the Pre-IPO Share Option Scheme as at 30 June 2015 and 31 December 2014 are as follows:

Number of options	Exercise price per share (HK$)	Exercise period
1,199,998	2.39	From 30 June 2014 to 30 June 2015
1,199,998	2.39	From 30 June 2015 to 30 June 2016
4,800,001	2.39	From 30 June 2016 to 30 June 2017
4,800,009	2.39	From 30 June 2017 to 30 June 2018
12,000,006		

The fair value of the share options granted under the Pre-IPO Share Option Scheme was HK$12,056,000 (equivalent to approximately RMB9,487,000) or approximately HK$1.00 each (equivalent to approximately RMB0.79 each), of which the Group recognised a share option expense of HK$2,052,000 (equivalent to approximately RMB1,615,000) during the Review Period (six months ended 30 June 2014: RMB2,558,000).

The fair value of the equity-settled share options granted 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.

As at 30 June 2015, the Company had 12,000,006 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 12,000,006 additional ordinary shares of the Company and additional share capital of HK$120,000 and share premium of HK$28,560,000 (before issue expenses).

Subsequent to the end of the Review Period, on 1 July 2015, a total of 1,199,998 shares were expired without being exercised by any Grantees.

At the date of approval of this interim condensed financial information, the Company had 10,800,008 share options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 0.8% of the Company's shares in issue as at that date.

17. DIVIDENDS

At a meeting of the board of directors held on 31 August 2015, the directors resolved not to pay an interim dividend to shareholders (six months ended 30 June 2014: Nil).

18. COMMITMENTS

The Group had the following capital commitments at the end of the Review Period:

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(Unaudited)	
Contracted, but not provided for:		
— Plant and equipment	**31,520**	10,308
— Intangible assets	**–**	60
	31,520	10,368

MANAGEMENT DISCUSSION AND ANALYSIS

In February 2013, the Group launched large-scale commercial production at Yongfeng Mine situated in Yongfeng County, Jiangxi Province in China. In the six months ended 30 June 2015, the Group has extracted a total of 18,937 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 eight benches in North #1 mining areas and six benches in North #4 mining areas. Benefiting from a favourable geographical environment, the 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.

As at the date of this announcement, the Group has a network of 121 distributors, covering 95 cities across 29 provinces and autonomous regions in the People's Republic of China (the "PRC" or "China"). In addition, the Group has further enhanced and expanded its direct sales channels. The ArtMore Esthetic Stone Store of the Company under the brand of "ArtMore" was opened on 29 May 2015 in Xiamen, focusing on the integration of the innovative design of stone and home decoration. We hope to visually set the trend among consumers using stones with this store. To provide customers with more comprehensive marble products, we are also actively seeking marble resources that can bring synergies to the Group and provide a useful complement to existing products in terms of colours.

RESOURCES AND RESERVES

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. ("Jueshi Mining") (our subsidiary)
Nature of resource	marble
Covered area	approximately 2.0 square kilometers
Issuance date	5 February 2013
Expiration date	5 February 2018, which can be extended to 5 February 2043 according to applicable PRC laws and regulations
Permitted production volume	250,000 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. After paying RMB18.6 million in January 2013, we obtained a mining permit with an initial term of five years from 5 February 2013 to 5 February 2018. The term of our mining permit can be extended for another 25 years according to applicable PRC laws and regulations upon completion of our payment of the remaining mining right fee of RMB18.6 million plus interest accrued (in four equal annual installments) in the next two years. The first two installments aggregated to RMB18.6 million were paid by the Group's own funds as they fell due in March 2014 and March 2015 respectively.

The following table summarizes the marble resources and reserves of our Yongfeng Mine, estimated as of 31 December 2014 under the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

Resources	**Millions of cubic meters**
Measured	51.3
Indicated	46.6
Inferred	8.8
Total	106.7

Reserves	**Millions of cubic meters**
Proved	23.1
Probable	21.0
Total	44.1

The Company did not have exploration activities during the Review Period (for the six months ended 30 June 2014: NIL). In the Review Period, there was no capital expenditure of the Yongfeng Mine incurred (for the six months ended 30 June 2014: RMB0.7 million).

Our Yongfeng Mine enjoys favourable topographical and geological conditions, which allow us to ramp up production scale easily and quickly. Such conditions, together with the convenient location of the Yongfeng Mine and its ready access to utilities, help us to achieve a low operating cost and a high profit margin.

REVENUE

During the Review Period, the Group recorded an operating revenue of approximately RMB150.1 million, representing a decrease of approximately RMB69.0 million compared to the corresponding period of the previous year, mainly due to the following: (i) the mining volume of Yongfeng Mine decreased from 29,085 cubic meters in the corresponding period in 2014 to 18,937 cubic meters in the Review Period; (ii) the production volume of one-side-polished slabs decreased from 631,668 square meters in the corresponding period in 2014 to 266,087 square meters in the Review Period; and (iii) the production volume of cut-to-size slabs decreased from 310,208 square meters in the corresponding period in 2014 to 56,708 square meters in the Review Period.

(a) Sales by product categories

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

	For the six months ended 30 June					
	2015 (Unaudited)			2014 (Unaudited)		
			Gross profit margin			Gross profit margin
	RMB'000	*%*	*(%)*	*RMB'000*	*%*	*(%)*
Marble blocks	**56,995**	**38.0**	**79.0**	21,457	9.8	88.0
One-side-polished slabs	**47,279**	**31.5**	**49.5**	46,910	21.4	58.2
Cut-to-size slabs	**45,868**	**30.5**	**33.1**	150,713	68.8	64.5
Total	**150,142**	**100.0**	**55.7**	219,080	100.0	65.4

(b) Sales by Volume and Average Selling Price

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

	For the six months ended 30 June	
	2015 (Unaudited)	2014 (Unaudited)
Sales volume		
Marble blocks (m^3)	**10,708**	3,676
One-side-polished slabs (m^2)	**215,307**	198,926
Cut-to-size slabs (m^2)	**156,960**	351,104
Average selling price		
Marble blocks (RMB/m^3)	**5,323**	5,837
One-side-polished slabs (RMB/m^2)	**220**	236
Cut-to-size slabs (RMB/m^2)	**292**	429

The unit selling price of marble blocks decreased by approximately 8.8% comparing to that of the corresponding period of 2014, which was mainly due to: (i) some discounts were provided for marble blocks, given changes of color and texture due to natural causes; and (ii) in order to satisfy additional market demand for color and texture, a couple of marble blocks with lower quality were purchased and sold, leading to the lower unit selling price.

The unit selling price of one-side-polished slabs decreased by approximately 6.8% comparing to that of the corresponding period of 2014, which was mainly due to promotion of certain products with a relatively long age to secure more market shares.

The unit selling price of cut-to-size slabs decreased by approximately 31.9% comparing to that of the corresponding period of 2014, which was mainly due to most of corporate customers during the Review Period were engaged in renovation constructions and had different grade requirements for our products from primary corporate customers engaged in real estate development in the corresponding period in 2014, leading to adjustments made to our product mix and relatively lower unit selling price.

COST OF SALES

The Group's cost of sales amounted to approximately RMB66.6 million, including the processing costs, which represented approximately 29.0% of the cost of sales; marble blocks mining costs, which represented approximately 17.5% of the cost of sales; and transportation costs, which represented approximately 5.2% of the cost of sales. During the Review Period, the decrease in cost of sales was in line with the decrease in sales and production volume.

Processing costs

The processing costs of the Group represented the processing fees paid to processors for processing marble blocks into one-side-polished slabs and one-side polished slabs into cut-to-size slabs. The processing fees per unit of one-side-polished slabs in the Review Period were approximately RMB61.3, compared to the processing fees of approximately RMB60.0 in the corresponding period in 2014. The processing fees per unit of cut-to-size slabs were approximately RMB52.7 in the Review Period, compared to the processing fees of approximately RMB22.0 in the corresponding period in 2014. The increase in the processing fees per unit of cut-to-size slabs in the Review Period was mainly due to: (i) as the processing volume of cut-to-size slabs decreased from 310,208 square meters during the corresponding period in 2014 to 56,708 square meters during the Review Period, the bargaining power to processing supplier was declined, leading to increase in unit cost; and (ii) in order to satisfy market demand, the Group always commits to improve the grade and variety of cut-to-size slabs, and engaged a couple of new suppliers which are capable of higher processing technique during the Review Period, leading to higher unit cost.

Marble blocks mining costs

In the Review Period, marble blocks mining costs of the Group mainly included mining labour costs, materials consumption, fuel, electricity supply, depreciation of production equipment, and amortization of mining rights. The marble blocks mining costs per unit increased by approximately 2.2% compared to the corresponding period in 2014.

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. Transportation costs accounted for approximately 5.2% and 10.3% of the production costs for the Review Period and corresponding period in 2014, respectively.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit of the Group in the Review Period decreased by approximately RMB59.7 million as compared to that of corresponding period of 2014. The gross profit margin in the Review Period was approximately 55.7%, while the gross profit margin in corresponding period of 2014 was approximately 65.4%. The decrease in the gross profit margin was mainly due to the combined effect of increase in product cost per unit of marble slabs and the increasing proportion of marble and slabs purchased from external suppliers with lower gross profit margin.

OTHER INCOME AND GAINS

Other income and gains mainly included interest income from bank deposits. Interest income amounted to RMB11.3 million and government grant amounted to RMB1.5 million for the Review Period.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses, mainly comprised of salaries of the Group's sales and distribution staff, travelling expenses, advertising costs and office rents, were approximately RMB14.8 million, representing approximately 9.8% of the revenue in the Review Period, while the selling and distribution expenses of RMB12.9 million in the corresponding period in 2014 accounted for approximately 5.9% of the revenue in the corresponding period in 2014. The selling and distribution expenses in the Review Period were increased by RMB1.8 million compared to that of the corresponding period, mainly due to the increased rental expense for experience store of RMB0.6 million and the promotion expenditure spending on the new brand "ArtMore" aggregated to RMB0.9 million. The increase in the percentage of selling and distribution expenses was mainly due to the combined effect of an increase of RMB1.8 million in selling and distribution expense and the decrease in the revenue.

ADMINISTRATIVE EXPENSES

Administrative expenses, mainly comprised of salaries of administrative staff, amortization of share options, consultancy fees and mineral resources compensation fee, were RMB19.9 million, accounting for approximately 13.3% of the revenue in the Review Period. The administrative expenses were RMB19.8 million in the corresponding period in 2014, accounting for approximately 9.0% of the revenue for the corresponding period in 2014.

FINANCE COSTS

Finance costs mainly included interests on bank loans, interests on discounted bills, interest expenses on installment payment from the acquisition of mining rights and related interests of rehabilitation. The finance costs increased from RMB7.9 million in the corresponding period in 2014 to RMB8.0 million in the Review Period, mainly due to increased interest on discounted bills.

HUMAN RESOURCES AND REMUNERATION POLICY

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

As at 30 June 2015, the total number of full-time employees of the Group was 413 (as at 30 June 2014: 405). Total employee costs (including the directors' remunerations) amounted to approximately RMB23.2 million for the Review Period (for the six months ended 30 June 2014: approximately RMB26.9 million). Taking into account of the strategic goal of the Group, operating results, efforts and contributions made by each of executive directors, senior management and employees, and for the purposes of recognizing their value, motivating for better performance and skills, maintaining the Company's fast-growing development and achieving its long and short-term goals, the remunerations are in line with the market performance and the corresponding qualifications and abilities, and adjustments are made according to varied percentage, and the staff costs had a slightly decrease in the Review Period. The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees including the Directors with reference to individual performance and current market salary scale.

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 Xiamen and Yongfeng 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. During the Review Period, the contributions of approximately RMB1.1 million (for the six months ended 30 June 2014: approximately RMB1.4 million) were charged to the profit and loss as they became payable in accordance with the rules of the central pension scheme.

On 9 December 2013, the Company adopted a share option scheme (the "Share Option Scheme") and a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") (collectively, the "Share Option Schemes"). As at 30 June 2015, 12,000,006 share options had been granted and remained outstanding under the Pre-IPO Share Option Scheme and no share option had been granted under the Share Option Scheme.

On 20 April 2015, the Company adopted a share award scheme (the "**Share Award Scheme**") to reward the eligible participants, including the employees, directors, suppliers, customers and business partners of the Group, for their contributions to the Group, to provide competitive incentive package for retaining and attracting suitable personnel for the further development of the Group and to align the interests of such eligible participants with those of the shareholders of the Company ("**Shareholders**") through the grant of the award. Since the adoption of the Share Award Scheme and up to the date of this announcement, no awards have been granted under the Share Award Scheme.

Further, on 5 May 2015, the Company adopted a sales incentive scheme (the "**Sales Incentive Scheme**") to motivate all employees of the Group and any other parties who will contribute to the sales and marketing development of the Group as determined by the Board to actively participate in the Group's marketing activities, by leveraging their network resources and referring business opportunities to the Group for sales of marble products of the Group's own mine. Under the Sales Incentive Scheme, an eligible participant will receive a referral fee ranging from 5% to 10% of the project sales in recognition of his or her effort in referring the business opportunities to the Group.

INCOME TAX EXPENSE

Income tax expense decreased from approximately RMB29.7 million for the six months ended 30 June 2014 to approximately RMB11.5 million for the Review Period, mainly due to the decreased taxable profits generated by the Group's subsidiaries in the PRC.

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

The net profits attributable to owners of the Company during the Review Period amounted to approximately RMB40.1 million, compared to RMB72.6 million for the corresponding period in 2014. The decreased net profits were in line with the decrease of revenue during the Review Period.

NET CASH FLOWS FROM OPERATING ACTIVITIES

Net cash inflows from operating activities for the Review Period were approximately RMB109.9 million (for the six months ended 30 June 2014: net cash inflows of approximately RMB78.3 million), primarily due to: (i) a profit before tax of approximately RMB51.5 million; (ii) increase in trade and bills payables of RMB44.4 million and increase in other payables and accruals of RMB1.1 million; (iii) decrease in trade and bills receivables of RMB11.2 million and decrease in the prepayment, deposit and other receivables of RMB8.8 million; and (iv) the interest income received of RMB10.8 million. The increase in operating cash inflows was partially offset by the payment of income tax and interest expenses aggregated to RMB21.4 million.

NET CASH FLOWS USED IN INVESTING ACTIVITIES

Net cash outflows used in investing activities for the Review Period were approximately RMB36.0 million (for the six months ended 30 June 2014: net cash outflows of approximately RMB474.5 million), which primarily included: (i) payment for time deposits with a term over three months of approximately RMB15.8 million; (ii) increase of pledged time deposits of approximately RMB7.7 million; (iii) the payment for instalment of mining right of RMB9.3 million; and (iv) the payment for purchase of property, plant and equipment of RMB3.1 million.

NET CASH FLOWS USED IN FINANCING ACTIVITIES

Net cash outflows used in financing activities for the Review Period were approximately RMB25.9 million (for the six months ended 30 June 2014: net cash outflows of approximately RMB25.9 million), which was primarily used for repayment of bank loans.

INVENTORIES AND TURNOVER DAYS

The Group's inventories decrease by approximately 0.7%, from approximately RMB69.9 million as at 31 December 2014 to approximately RMB69.4 million as at 30 June 2015. The inventory turnover days of the Group were stable and slightly increased from 187 in 2014 to 188 in the Review Period.

TRADE AND BILLS RECEIVABLES AND TURNOVER DAYS

The Group's trade and bills receivables decreased from approximately RMB61.8 million as at 31 December 2014 to approximately RMB49.3 million as at 30 June 2015. The decrease was primarily due to the decrease in sales revenue. Compared to 33 days in 2014, the trade receivables turnover days for the Review Period were 66 days. The increase in trade receivables turnover days was primarily due to the delay on collection of balance from corporate customers influenced by the recession of the property industry.

TRADE AND BILLS PAYABLES

The Group's trade and bills payables increased by approximately RMB44.3 million from approximately RMB130.5 million as at 31 December 2014 to approximately RMB174.8 million as at 30 June 2015, which was primarily due to the use of banker's acceptance bills to settle intra-group procurement payment during the Review Period.

NET CURRENT ASSETS

Net current assets of the Group increased by 2.4% from approximately RMB842.0 million as at 31 December 2014 to approximately RMB862.6 million as at 30 June 2015, which was primarily due to the net profits realized during the Review Period.

CURRENT RATIO

The current ratio, being current assets over current liabilities, was 3.4 as at 30 June 2015 (31 December 2014: 3.5). The current ratio decreased primarily due to increases in trade and bills payables which are yet outstanding at the end of the Review Period.

BORROWINGS

The Group generally finances its operations with internally generated cash flows and banking credit facilities. As at 30 June 2015, the Group had total bank loans of RMB100.0 million (31 December 2014: RMB125.9 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 30 June 2015 and 31 December 2014, the Group's cash and bank balances exceeded the interest-bearing bank loans, respectively. As such, no gearing ratios as at 30 June 2015 and 31 December 2014 are presented.

CAPITAL EXPENDITURE

The Group's ability to maintain and increase its sales and profits depends upon continued capital spending. Capital expenditures are used to purchase mining rights, land, property, plant and equipment. For the Review Period, the Group's expenditure for: (a) the construction of infrastructures and the purchase of property, plant and equipment for a total amount of RMB3.1 million; and (b) the installment expenses for mining rights in a total amount of RMB9.3 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 are denominated in HK$ and US$. As such, the Group has limited exposure to any significant foreign currency exchange risks. The Board does not expect any material impact on the Group's operations caused by any foreign currency fluctuations. No financial instruments were employed by the Group for hedging purpose during the Review Period.

PLEDGE OF ASSETS

The Group pledged bank deposits of approximately RMB43.7 million (31 December 2014: RMB36 million) to issue banker's acceptance bills and letter of credit of the Group.

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds from the Company's listing and issue of new shares of the Company (the "Shares") amounted to approximately HK$833.0 million (equivalent to approximately RMB655.5 million). The net proceeds will be applied in accordance with the proposed applications set out in the section headed "Future plans and use of proceeds" contained in the prospectus of the Company dated 16 December 2013 (the "Prospectus"). As at 30 June 2015, the utilized net proceeds were approximately RMB7.0 million (details as follow) and the remaining proceeds were deposited with licensed banks as short-term deposits or time deposits in the PRC and Hong Kong, respectively.

	Remaining as at 30 June 2015	**Utilised during the Review Period**
	RMB million	*RMB million*
Working capital and other general corporate purposes	52.1	4.3
Expansion of sales channels	61.2	1.8
Capital expenditure of Yongfeng Mine	257.4	–
Construction of slab processing facilities	182.4	0.9
Acquisition of marble resources	65.6	–
Total	618.7	7.0

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2015, the Group had no material contingent liabilities.

As at 30 June 2015, the Group had capital commitments of RMB31.5 million for acquisition of property, plant and equipment, all of which were contracted but not provided for.

MAJOR ACQUISITION AND DISPOSAL OF ASSETS AND MERGER ISSUES

The Group had no major acquisition and disposal of assets and merger issues for the Review Period.

FUTURE PLAN

Looking ahead, the Group will base on its substantial amount of high-quality marble reserves and extensive industry experience to continue fully integrating every aspect of upstream and downstream of the marble industry and expanding the business from upstream mining to downstream, establishing a stone trading platform which relies on resources and focuses on brand, marketing networks and channels. By integrating global resources, the Group is expected to become the industry benchmark, forming vertically integrated marble business value chain.

In respect of the upstream business, the Group will continue to strengthen its cooperation with industry peers. The first B2C website "China Stone Database & Exchange" for the stone industry effectively integrates the upstream superior mining resources from both domestic and overseas market, and strategic cooperation is established with quality stone dealers giving the Group stronger control over the upstream value chain. Currently, the Group owns the Yongfeng Mine at Jinggangshan, Jiangxi Province, which is the largest marble mine in China occupying 7.5% of the total marble resources of the country. The Mine is open cut mining with transportation facilities and infrastructures well established.

In respect of the middle stream, to match with the launch of "ArtMore", the brand specificially targeting B2C market, and for quality assurance, the Group is currently working with industry leading processing plants. The Group has dispatched professional management team to closely monitor product quality to ensure the consistency. The Group is now in the process of building its own processing plant which is only 62 kilometers away from the Mine. Upon completion of the processing plant, transportation costs are expected to drop significantly. The new processing plant is estimated to commence production in 2016, and by then production cost will be much lower and the Group will be capable of producing more marble products with higher added-value.

In respect of the downstream business, the two brands owned by the Group, namely "ArtGo" and "ArtMore", are targeting construction market and home decoration market, respectively. More diversified and vast sales channels for these two brands will be developed by the Group during the second half year. "ArtGo", positioned as a brand for the B2B construction market, is the largest revenue contributor for our traditional business. The Group is seeking for cooperation with more property developers to strengthen its capacity in direct sales and distribution, while increasing its presence of the "ArtGo" brand in the domestic market. The Group owns the largest marble distribution network in China under our "ArtGo" brand. As at 30 June 2015, there are 121 distributors in total, spreading over 29 provinces and autonomous regions and 95 cities across China. As the Group will continue to expand its sales network in the later half year, its market penetration rate is expected to continue increasing.

As for the "ArtMore" brand which was newly established by the Group in May during the year, with the B2C home decoration market as the target market, its sales will be realized through the O2O model. In addition to opening online brand stores in "JD.com (京東商城)" and "Tmall (天貓)", the Group will also establish strategic cooperation with large-sized home decoration e-commerce platforms to develop stone-related home decoration market. In connection with the offline works for the "ArtMore" brand, the Group will allocate substantial resources on developing the nationwide distribution network. Those distributors owning established stores will act as agencies for our products and promote sales of our unique product series in physical stores under relevant cooperation arrangement. In addition, the Group seeks to further explore the downstream sales channel through cooperation with various international design institutions.

Looking forward, the Group is committed in bringing more significant returns to shareholders through continuous devotion to business development, with the core value of respecting the nature with a humble heart, contributing the society with gratitude, working in modest attitude, and embracing win-win propositions when collaborating with our partners. The Group wishes to lead the development of the marble stones industry and to introduce fashionable and quality marble stone products to the lives of public.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company has applied the principles and complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2015.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the required standards of dealings as set out in the Model Code throughout the six months ended 30 June 2015, except for the non-compliance with Rules A3(a)(i) and B.8 of the Model Code by Mr. Liu Chuanjia, an executive Director and the controlling Shareholder, during the black-out period for the publication of the Company's annual results for the year ended 31 December 2014. The non-compliance was resulted from Mr. Liu's charge of Shares held by Liu's Group (a company wholly owned by Mr. Liu) to two independent third parties and the failure to obtain a prior dated written acknowledgment from the Company (details of which have been set out in the 2014 annual report of the Company).

Immediately after the occurrence of the incident, the Company had taken appropriate remedial and corrective measures to enhance the internal control of the Company (details of which have been set out in the 2014 annual report of the Company).

Among the Shares charged by Mr. Liu as stated above, 152,127,548 Shares held by Liu's Group which were pledged to an independent third party on 5 March 2015 were released and discharged on 26 March 2015.

Save as disclosed above, Mr. Liu has complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2015.

The Company has also established the written guidelines no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by relevant employees of the Company. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company throughout the six months ended 30 June 2015.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely, Mr. WANG Hengzhong (as chairman), Mr. LIU Jianhua and Mr. JIN Sheng. The Audit Committee has adopted the terms of reference in compliance with the CG Code.

The Audit Committee has in conjunction with the management of the Company reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of this results announcement and the 2015 interim report of the Company as well as the interim condensed financial information of the Group for the six months ended 30 June 2015. In addition, the Company's auditors Ernst & Young has reviewed the unaudited interim condensed financial information of the Group for the six months ended 30 June 2015.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

By order of the Board of
ArtGo Holdings Limited
LIU Chuanjia
Chairman and executive Director

Xiamen, the People's Republic of China, 31 August 2015

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