雅高控股
ARTGO HOLDINGS

ARTGO HOLDINGS LIMITED
雅高控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 3313

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. WU Jing *(Chairman) (Acting Chief Executive Officer)*
Mr. GU Weiwen *(Vice Chairman)*
Mr. ZHANG Jian
Dr. LEUNG Ka Kit

Non-executive Directors

Mr. GU Zengcai

Independent Non-executive Directors

Ms. LUNG Yuet Kwan
Ms. ZHANG Xiaohan
Mr. HUI Yat On

AUTHORISED REPRESENTATIVES

Ms. WU Jing
Mr. GU Weiwen

AUDIT COMMITTEE

Ms. LUNG Yuet Kwan *(Chairman)*
Ms. ZHANG Xiaohan
Mr. HUI Yat On

REMUNERATION COMMITTEE

Mr. HUI Yat On *(Chairman)*
Ms. WU Jing
Ms. LUNG Yuet Kwan

NOMINATION COMMITTEE

Ms. WU Jing *(Chairman)*
Ms. ZHANG Xiaohan
Mr. HUI Yat On

COMPANY SECRETARY

Mr. ZHAO Zhipeng

REGISTERED OFFICE

PO Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Units 03–04, 20/F,
Shanghai Shimao Tower,
55 Weifang West Road,
Pudong New Area,
Shanghai, PRC

23/F, Building B
Haifu Center
No. 599 Sishuidao
Huli District
Xiamen, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1302, 13/F.
Golden Centre
188 Des Voeux Road Central
Hong Kong

AUDITORS

Ernst & Young

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
Royal Bank House
3rd Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

CORPORATE INFORMATION

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China
Shanghai Changping Road Branch
818 Xikang Road,
Jing'an District
Shanghai
PRC

China Citic Bank
Xiamen Branch, Fushan Sub-branch
No. 1222 Xiahe Road
Siming District
Xiamen
PRC

Bank of Communications Co., Ltd.
Hong Kong Branch
No. 20 Pedder Street,
Central, Hong Kong

STOCK CODE

3313

WEBSITE

www.artgo.cn

CHAIRMAN STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Director(s)**") of ArtGo Holdings Limited ("**ArtGo Holdings**" or the "**Company**", together with its subsidiaries referred to as the "**Group**"), I am pleased to present the unaudited interim results of the Group for the six months ended 30 June 2019 (the "**Review Period**").

The prolonged China-US trade war continued to cast a shadow over the business world during the Review Period. As an enterprise with its core business located in the PRC, the Group inevitably faced the same challenges arising from the trade war. Trade dependent businesses were much more fragile under such situation and hence the impacts to our commodities trading segment and logistics services segment were much larger than that to our marble and mining segment. Business transactions of the former two segments dropped to negligible amount in the Review Period. Despite the above, the country's gross domestic product ("**GDP**") continued to show a growth though a slower growth rate trend was noted in the first half of 2019. GDP grew at approximately 6.2% in the quarter ended June 2019 down from approximately 6.4% in the previous quarter. We also noticed that China's real estate market development remained stable as revealed by the half-year figures released by the country's National Bureau of Statistics. Thanks to the PRC Central Government's stimulus measures to stabilize growth, including boosting infrastructure spending and promoting real estate development investment and infrastructure investment, the revenue of our core business segment, marble and mining segment, remained steady with a growth of approximately 14.2%. Under such political economy, the Group recorded an overall revenue of approximately RMB47.9 million during the Review Period, representing a decrease of approximately 51% from that in the corresponding period in 2018 despite the improvement of the marble sales. The decline in the overall revenue was mainly due to the halt in the commodities trading for the sake of prudence in such uncertain economic climate.

We believe that the current China-US trade war may not be able to be resolved within a short period of time. It will continue casting uncertainties to the global economy especially the PRC economy. Nonetheless, we are confident in the PRC government and believe that policies and mitigation measures rolling out to stimulate the internal demand and promote real estate and infrastructure investments in PRC can, to certain extent, counter the negative effect created by the trade war. At present, we do not observe any significant deterioration in market demand of marble stone products. On the contrary, we consider the prospect of the PRC property market is positive based on certain statistics in relation to real estate development investment and properties sales and hence it was desirable to acquire quality properties for long term appreciation purpose. Apart from properties investment, we will continue exploring other investment opportunities including acquisition of businesses related to the Group's existing principal business. The recent acquisition of certain properties and a business engaged in production of calcium carbonate products are the moves taken. Nevertheless, we will carry out our business plan and make our investment decisions cautiously based on the changing market situation and the conditions of the Group.

With our new self-owned processing plant in Jiangxi put into production, we realised our plan of being a vertically integrated marble supplier by our own. This will not only improve our profit margin in long-run, but also give us greater control over the quality of our products and better control over the response time to our customers. Our ultimate goal for this business segment is to capture the value along the value chain from initial mining to the final sales to our customers. In the meantime, we will adjust our strategy over different stages of the value chain from time to time in order to maximize the returns to the Group and hence to our shareholders.

CHAIRMAN STATEMENT

Finally, on behalf of the board, I would like to take this opportunity to express sincere gratitude to our staff for their efforts and dedicated services, and to the Group's shareholders, investors, partners and clients for their trust and continuing support in such challenging period.

Wu Jing
Chairman

Hong Kong, 30 August 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Marble and Mining Business

Our new production plant in Jiangxi Province, the PRC has started its pre-production runs where products produced from the new stone saw machines and slabs grinding machines installed were proved to be of top qualities and with high precision. Though the existing output volume of slabs are still limited at this stage, it has kicked off contribution to the Group's marble production in the Review Period. The production capacity will be released by phases depends on the market demand of marble products which in turn relies, to certain extent, on the overall economy especially the PRC economy. With the outbreak of the China-US trade war since early 2018, the global economy has been experiencing a volatile market worldwide. Nevertheless, performance of our marble and mining business remained steady. The Group generated revenue of approximately RMB47.9 million from sales of marble products in the Review Period as compared to the corresponding period in 2018 of approximately RMB42.0 million. With the new production plant put into operation, the Group expects the output of marble stone products can pick up gradually as long as there is no significant deterioration in market demand of marble stone products.

According to the statistics results for the first half year of 2019 published by the National Bureau of Statistics, both the nationwide real estate development investment and properties sales amounts remained growing as compared to the same period in 2018 but also showed slow-down in the growing trends since last year. In light of this, the Group has been adopting a more prudent and flexible approach in carrying out its business plan by clearing up the aged inventories and kept a minimal marble blocks excavation activity at the mine sites in the Review Period. With the commencement of operation of the new production plant, the Group expects the excavation activities will resume to a level to supply new marble blocks for meeting market demand once such demand trend was confirmed.

Commodities Trading Business

As the China-US trade war remain unresolved with a mercurial negotiation atmosphere from time to time, the uncertainty to the overall economy as a whole significantly affected the commodities trading market. The Group as a player in this business segment was unavoidably affected. During the Review Period, the Group has taken an extra cautious approach in carrying out any commodities trading transactions in view of such market condition. As a consequence, no commodities trading transaction has entered into during the Review Period.

Logistics Services Business

As customers of the Group's logistics service business segment are mainly local importers of raw materials and manufacturing companies for production of goods for export, the slowdown of the import/export business activities has a direct impact to the demand of the logistics services geographically where these customers situated. Consequently, the revenue recorded in the Group's logistics services business segment was not significant during the Review Period. The Group is reviewing the segment's business environment and may adjust the business plan for this segment accordingly.

MANAGEMENT DISCUSSION AND ANALYSIS

Corporate Development and Major Acquisitions

In view of the existing uncertainty surrounding the business environments of the Group's existing business segments, the Group has been exploring various opportunities for investment projects in order to enhance its shareholders' value.

During the Review Period, the Group assessed the condition of the PRC property market and considered that the prospect of the market is positive in long-run. Accordingly, it entered into certain memoranda of understanding for the acquisitions of a number of properties. The properties are situated in luxury locations in certain core residential districts in Shanghai which the Group considered such acquisitions are valuable investment opportunities for it to participate in the PRC property market which will enable the Group to benefit from the potential long-term appreciation of the properties in the PRC property market. Should the acquisitions be materialized, the Group intends to lease out the properties which will provide future stable income for the Group.

Among the properties, one property was successfully acquired during the Review Period at a consideration of RMB85 million which was satisfied by the issue of 119,248,035 new shares. Details of the acquisition are set out in the Company's announcements dated 10 June 2019 and 20 June 2019 respectively.

Subsequent to the Review Period and up to date of this report, two other properties were successfully acquired with an aggregate consideration of approximately RMB121 million. The aggregate consideration for these two properties was satisfied by the issue of 164,156,830 new shares. Details of the acquisition are set out in the Company's announcements dated 13 June 2019 and 29 August 2019 respectively.

Apart from the aforementioned acquisitions of properties, subsequent to the Review Period, the Group also acquired a group of companies which are principally engaged in the manufacturing and sale of calcium carbonate that is mainly produced from marble residues. The acquisition is a step forward in strengthening and to further expand the Group's existing business segment by widening the spectrum from stone mining to the stone application. The consideration for the acquisition amounted to approximately RMB45 million which was satisfied by the issue of 63,131,313 new shares. Details of the acquisition are set out in the Company's announcements dated 2 July 2019 and 23 August 2019 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

RESOURCES AND RESERVES

Shangri-La Mine

Our Shangri-La Mine is located at Xianggelila City of Yunnan Province, the PRC. The table below summarizes key information related to our current mining permit for the Shangri-La Mine.

Holder	Shangri-La Stone Co., Ltd.
Nature of resource	marble
Covered area	approximately 0.1649 square kilometer
Issuance date	March 2018
Expiration date	March 2021
Permitted production volume	50,000 cubic meters per annum

The Yunnan Province Bureau of Land and Resources assessed a mining right fee of RMB0.56 million for a period of every three years.

The table below summarizes the marble resources of Shangri-La Mine estimated as of 30 June 2019 according to Chinese Standards.

Resources	Millions of cubic meters
Indicated	2.2
Inferred	0.3
Total	2.5

During the Review Period, the Shangri-La Mine excavated approximately 258 cubic metres of marble blocks. No capital expenditure was incurred in the period.

Dejiang Mine

Our Dejiang Mine is located at Guan Jia Fen, Dejiang Town of Guizhou Province, the PRC. The table below summarizes key information related to our current mining permit for the Dejiang Mine.

Holder	Guizhou County Dejiang SanXin Stone Co., Ltd.
Nature of resource	marble
Covered area	approximately 0.252 square kilometre
Issuance date	1 July 2015
Expiration date	1 January 2019
Permitted production volume	30,000 cubic meters per annum

The Guizhou Province Bureau of Land and Resources assessed a mining right fee of RMB0.55 million for a period of every three and a half year.

At the date of this report, the application for further renewal of the mining license of the Dejian Mine has been approved by relevant authorities in February 2019 and pending the issue of the renewed mining licence.

The following table summarizes the marble resources of our Dejiang Mine, estimated as of 30 June 2019 under Chinese Standards.

Resources	Millions of cubic meters
Indicated	1.3
Inferred	0.8
Total	2.1

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

MANAGEMENT DISCUSSION AND ANALYSIS

Yongfeng Mine

Our Yongfeng Mine is located in the Yongfeng County of Jiangxi Province, the PRC and is connected by a 72-kilometer county road to the Yongfeng exit of a newly constructed expressway, which connects us to China's national transportation system. The table below summarizes key information related to our current mining permit for the Yongfeng Mine.

Holder	Jiangxi Jueshi (Yongfeng) Mining Co., Ltd.
Nature of resource	marble
Covered area	approximately 2.0 square kilometer
Issuance date	5 February 2013
Expiration date	5 February 2018, which can be extended to 5 February 2043 according to applicable laws and regulations.
Permitted production volume	250,000 cubic meters per annum

The application of the renewal of the mining license of the Yongfeng Mine has been approved by relevant authorities in June 2018 and pending issue of the renewed mining license.

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 remaining balance of the mining right fee was paid in January 2019.

Given (i) the Group had received the approval for the renewal of license application from the relevant government authority as mentioned above; (ii) there is no practical legal impediments in respect of the renewal of the license provided that the Group submitted the requisite application documents to the relevant authorities and undertakes the necessary procedures for renewal, as well as demonstrating to the relevant authorities the capability for the operation of the mine including investment in the auxiliary processing facilities; and (iii) the Group had paid the remaining outstanding mining right fee of RMB18.6 million in January 2019, the Group is of the view that under general market practice, the mining license remains valid and effective and the Group has retained its mining rights over the extraction and exploitation of the mine resources within the Yongfeng Mine during the relevant period.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table summarizes the marble resources and reserves of our Yongfeng Mine, estimated as of 30 June 2019 under the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves ("**JORC Code**").

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

Resources	Millions of cubic meters
Proved	23.0
Probable	21.0
Total	44.0

The estimated resources and reserves of the Yongfeng Mine as of 30 June 2019 were arrived after taking into account the estimated resources and reserves of the Yongfeng Mine as of 30 September 2013 minus the amount of extraction in the course of the Group's normal and routine mining activities carried out during the period from 1 October 2013 to 30 June 2019 and have been substantiated by Mr. NIE Zhiqiang, the vice president of Jueshi Mining, our wholly-owned subsidiary, who has over 24 years of experience in mining production (including exploration and extraction process). For details of the biographical information of Mr. NIE Zhiqiang, please refer to the prospectus of the Company dated 16 December 2013 (the "**Prospectus**").

The estimated resources and reserves of Yongfeng Mine as of both 30 September 2013 (as disclosed in the Prospectus) and 30 June 2019 (as disclosed in this report) were based on the resources and reserves under the JORC Code, i.e. there was no change in the reporting standard used in arriving at these estimates on the respective dates. The methods used to estimate mineral resources and the parameters used for the estimated resources and reserves of the Company as of 30 September 2013 and 30 June 2019 were identical.

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

Zhangxi Mine

Located at Yongfeng County of Jiangxi Province, the PRC, about 50 km from the expressway from Fuzhou via Yongfeng to Ji'an, Zhangxi Mine enjoys an access to Changning (Nanchang — Ningdu) expressway which is already open to traffic, thus making it possible for the Group to get connected to the country's national transportation system. The table below summarizes key information related to our current mining permit for the Zhangxi Mine.

Holder	Jiangxi Jueshi (Ji'an) Mining Co., Ltd.
Nature of resource	marble
Covered area	approximately 0.7 square kilometre
Issuance date	23 July 2015
Expiration date	23 July 2018
Permitted production volume	20,000 cubic metres per annum

Yongfeng County Natural Resources Bureau (the "**Yongfeng Bureau**") has agreed to expand the existing mining area of the Zhangxi Mine which is also under Yongfeng Bureau's administration. The Group is in the process of applying for renewal of the mining license of the Zhangxi Mine with the expanded mining area and increased marble resources with the Yongfeng Bureau. As it was indicated by the Yongfeng Bureau for the above arrangement, the Group consider the renewal of mining license will be approved and granted upon satisfaction of the other administrative and basic requirements. The Group keeps monitoring the progress in respect of the renewal and consider that there is no material barrier for the Group to renew such mining license.

The Jiangxi Province Bureau of Land and Resources assessed a mining right fee of RMB1.615 million for a period of three years.

The table below summarizes the marble resources of Zhangxi Mine estimated as of 30 June 2019 according to Chinese Standards.

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

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

Lichuan Mine

The Lichuan Mine is located at Shaxi County, Lichuan, Hubei Province, the PRC. The table below summarizes key information related to the current mining permit for the Lichuan Mine.

Holder	Lichuan Lotus Construction Materials Co., Ltd.
Nature of resource	marble
Covered area	approximately 1.5 square kilometre
Issuance date	22 August 2018
Expiration date	22 August 2023
Permitted production volume	13,000 tons per annum

The Hubei Province Bureau of Land and Resources assessed a mining right fee of RMB0.166 million for a period of five years.

The table below summarizes the marble resources of Lichuan Mine estimated as of 30 June 2019 according to Chinese Standards.

Resources	Millions of cubic meters
Indicated	3.88
Inferred	0.67
Total	4.55

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

REVENUE

During the Review Period, the Group recorded an operating revenue of approximately RMB47.9 million, representing a decrease of 51% or approximately RMB49.9 million compared to the corresponding period of the previous year, mainly due to the drop in sales of commodity trading of RMB55.1 million in the Review Period. No sales of commodity trading was recorded during the Review Period mainly due to the poor business climate created by the China-US trade war.

(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					
	2019 (Unaudited)			2018 (Unaudited)		
			Gross profit margin			Gross profit margin
	RMB'000	%	%	RMB'000	%	%
Marble blocks	21,047	43.9	57.5	12,084	12.3	76.2
One-side-polished slabs	24,303	50.7	32.6	26,979	27.6	41.2
Cut-to-size slabs	2,560	5.3	12.1	2,887	2.9	18.9
Commodity trading	–	–	–	55,142	56.3	4.0
Logistics services	39	0.1	–	780	0.9	94.1
	47,949	100	39.2	97,872	100	22.7

(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	
	2019 (Unaudited)	2018 (Unaudited)
Sales volume		
Marble blocks (m^3)	6,969	3,824
One-side-polished slabs (m^2)	220,929	264,500
Cut-to-size slabs (m^2)	16,842	16,387
Commodity trading (Ton)	–	14,697
Average selling price		
Marble blocks (RMB/m^3)	3,020	3,160
One-side-polished slabs (RMB/m^2)	110	102
Cut-to-size slabs (RMB/m^2)	152	176
Commodity trading (RMB/Ton)	–	3,752

The unit selling price of marble blocks slightly decreased by approximately 4.4% comparing to that of the corresponding period of 2018.

The unit selling price of one-side-polished slabs increased by approximately 7.8% comparing to that of the corresponding period of 2018.

The unit selling price of cut-to-size slabs decreased by approximately 13.6% comparing to that of the corresponding period of 2018, which was mainly due to the adjustments made to our product mix and relatively lower unit selling price.

COST OF SALES

In the Review Period, the Group's cost of sales amounted to approximately RMB29.1 million, including the cost of marble of RMB27.6 million, which represented approximately 94.8% of the total cost of sales. The rest of cost of approximately RMB1.5 million represents the cost of logistics services. During the Review Period, the decrease in cost of sales was in line with the decrease in sales and production volume.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit of the Group in the Review Period decreased by approximately RMB3.5 million as compared to that of corresponding period of 2018. The gross profit margin in the Review Period was approximately 39.2%, while the gross profit margin in corresponding period of 2018 was approximately 22.7%. The gross profit margin of the sales of the Group in the Review Period increased as compared to that of 2018 is mainly attributable to the significant decline of the commodities trading which has low gross profit margin.

OTHER INCOME AND GAINS

Other income and gains mainly attributable to the rental income generated from the investment properties in the PRC and government subsidy. Rental income and government subsidy for the review period amounted to RMB3.8 million and RMB0.6 million respectively.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses, mainly comprised of salaries of the Group's sales and distribution staff, travelling expenses, advertising costs and transportation costs, were approximately RMB1.5 million, representing approximately 3.1% of the revenue in the Review Period, while the selling and distribution expenses of RMB3.2 million in the corresponding period in 2018 accounted for approximately 3.3% of the revenue in the corresponding period in 2018. The selling and distribution expenses in the Review Period were decreased by approximately RMB1.8 million compared to that of the corresponding period.

ADMINISTRATIVE EXPENSES

Administrative expenses amounted to approximately RMB26.2 million, mainly comprised of salaries of administrative staff, office rental expense, consultant fees, other professional fee, depreciation of property, plant and equipment and amortization which amounted to RMB20.0 million, accounting for approximately 54.7% of the revenue in the Review Period. The overall administrative expenses were approximately RMB42.6 million in the corresponding period in 2018, accounting for approximately 43.5% of the revenue for the corresponding period in 2018. The overall administrative expenses in the Review Period were decreased by RMB16.3 million compared to that of the corresponding period, mainly due to the non-cash equity-settled share option expense of approximately RMB20.2 million arising from the grant of 133,333,400 share options in the corresponding period in 2018.

FINANCE COSTS

Finance costs mainly included interests on bank loans and other borrowings. The finance costs increased by RMB2.4 million from RMB19.5 million in the corresponding period in 2018 to approximately RMB21.8 million mainly due to the increase in overall borrowings during the Review Period.

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 2019, the total number of full-time employees of the Group was 110 (as at 30 June 2018: 152). Total employee costs (including the directors' remunerations, but excluding equity-settled share option expense) amounted to approximately RMB7.3 million for the Review Period (for the six months ended 30 June 2018: approximately RMB9.3 million). Taking into account of the strategic goal of the Group, operating results, efforts and contributions made by each of the executive directors, senior management and employees, and for the purposes of recognizing their value, motivating for better performance and skills, maintaining the Company's fast-growing development and achieving its long and short-term goals, the remunerations are in line with the market performance and the corresponding qualifications and abilities, and adjustments are made according to varied percentage, and the staff costs had a 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.

INCOME TAX EXPENSE

Income tax expense decreased by approximately RMB2.3 million for the six months ended 30 June 2019.

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

The net loss attributable to owners of the Company during the Review Period amounted to approximately RMB28.8 million. Compared to net loss of approximately RMB40.7 million for the corresponding period in 2018. The reasons for the drop in net loss are mainly due to the net effect of (i) decrease in gross profits of business operations; (ii) increase in financial costs of approximately RMB2.4 million; (iii) non-recurring of equity-settled share option expense of approximately RMB20.2 million recorded in the corresponding period in 2018; and (iv) increase in other expense of approximately RMB2.4 million during the Review Period.

NET CURRENT ASSETS

As at ended 30 June 2019, the Group has net current assets of approximately RMB17.5 million (31 December 2018: the net current assets of the Group was approximately RMB19.6 million).

MANAGEMENT DISCUSSION AND ANALYSIS

CURRENT RATIO

The current ratio, being current assets over current liabilities, was 1.05 as at 30 June 2019 (31 December 2018: 1.04). The current ratio slightly increased by 0.01 during the Review Period.

BORROWINGS

As at 30 June 2019, the Group had total borrowings of approximately RMB472.2 million (31 December 2018: RMB407.6 million). During the Review Period, the net amount increased in borrowings is approximately RMB64.6 million.

GEARING RATIO

The Group's gearing ratio equals to its net debt (total debts net of cash and bank balances) divided by total equity. Total debt is defined as interest-bearing bank loans and other loans and it excludes liabilities incurred for working capital purposes. As at 30 June 2019, the gearing ratio was approximately 23% (31 December 2018: approximately 21%).

CAPITAL STRUCTURE

The Company has 2,871,289,586 ordinary shares in issue as at 30 June 2019.

During the Review Period, the Company allotted and issued 119,248,035 new shares as consideration for the acquisition of a residential property located in Shanghai, the PRC.

CAPITAL EXPENDITURE

The Group's ability to maintain and increase its sales and profits depends upon continued capital spending. Capital expenditures are used to purchase mining rights, land, property, plant and equipment. For the Review Period, the Group's expenditure for purchase of property, plant and equipment amounted to approximately RMB43.3 million.

FOREIGN EXCHANGE EXPOSURE

The Group's businesses are located in Mainland China and most of the transactions were denominated in RMB, except for certain borrowings and cash at banks which are denominated in HK$. As such, the Group has limited exposure to any significant foreign currency exchange risks. The Board does not expect any material impact on the Group's operations caused by any foreign currency fluctuations. No financial instruments were employed by the Group for hedging purpose during the Review Period.

PLEDGE OF ASSETS

As at 30 June 2019, the Group pledged property, plant and equipment of approximately RMB12.0 million (31 December 2018: approximately RMB12.9 million); rights-for-use assets of approximately RMB294.5 million (31 December 2018: approximately 298.4 million) and mining rights of approximately RMB116.6 million (31 December 2018: approximately RMB116.6 million) to secured the bank and other borrowings.

IMPORTANT EVENTS OCCURRED AFTER REVIEW PERIOD

(a) On 2 June 2019, ArtGo Investment and Jiang Meiqin ("**Ms. Jiang**") entered into a sale and purchase agreement, pursuant to which ArtGo Investment has conditionally agreed to acquire, and Ms. Jiang has conditionally agreed to sell, among others, the entire issued share capital of Kalong Holdings Limited ("**Kalong**"), at the consideration of RMB45 million. The consideration shall be satisfied by the allotment and issuance of Consideration Shares at the issue price of HK$0.81 per share.

The transaction was completed on 23 August 2019 and an aggregate of 63,131,313 new shares were allotted and issued. Details of the acquisition are set out in the Company's announcements dated 2 July 2019 and 23 August 2019 respectively.

(b) On 13 June 2019, ArtGo Investment Limited ("**ArtGo Investment**"), a wholly-owned subsidiary of the Company, and Zhou Chengjiu ("**Mr. Zhou**") entered into a sale and purchase agreement, pursuant to which ArtGo Investment has conditionally agreed to acquire, and Mr. Zhang has conditionally agreed to sell the entire issued share capital of Good Benefit Holdings Limited ("**Good Benefit**"), at the consideration of RMB212 million (subject to adjustment). The consideration shall be satisfied by the allotment and issuance of consideration shares at the issue price of HK$0.81 per share. The final amount of the consideration is subject to, among others, (i) the assets restructuring; and (ii) the final valuation of the assets (any/or all the four residential properties) to be held by a subsidiary of Good Benefit after the assets restructuring.

The transaction was completed on 29 August 2019 under which two of the properties were eventually held by the subsidiary of Good Benefit after the assets restructuring and the consideration was adjusted to RMB121 million which was satisfied by the allotment and issue of 164,156,830 new shares. Details of the acquisition are set out in the Company's announcements dated 13 June 2019 and 29 August 2019 respectively.

OTHER INFORMATION

SHARE OPTION SCHEME

On 9 December 2013, the Share Option Scheme (as defined in the Company's Prospectus dated 16 December 2013) was conditionally adopted by the Company and came into effect on 30 December 2013. The purpose of the Share Option Scheme is to enable the Company to grant options to eligible participants as incentives or rewards for their contribution to the Group.

As at 31 December 2018, the Company had 362,633,400 shares options outstanding under the Share Option Scheme. During the Review Period and up to 30 June 2019, 22,000,000 share options expired without being exercised. The remaining balance of 340,633,400 share options remained outstanding at the end of the Review Period.

DISCLOSURE OF INTERESTS

A. Directors' interests and short positions in the securities of the Company and its associated corporations

As at 30 June 2019, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which had to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") under Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which they were taken or deemed to have under such provisions of the SFO), or which as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to 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 ("**Listing Rules**"), were as follows:

(a) Long positions in the Shares

Name of Director	Capacity	Number of Shares interested (Note 1)	Approximate percentage of the issued share capital of the Company
Ms. Wu Jing	Spouse Interest (Note 2)	558,735,840(L)	19.46%
	Beneficial Owner (Note 3)	22,097,000(L)	0.77%
Dr. Leung Ka Kit	Interest in Controlled Corporation (Note 4)	536,735,840(L)	18.69%
	Spouse Interest (Note 3)	22,097,000(L)	0.77%
	Beneficial Owner (Note 2)	22,000,000(L)	0.77%
Mr. Gu Weiwen	Beneficial Owner	22,000,000(L)	0.77%
Mr. Zhang Jian	Beneficial Owner	22,000,000(L)	0.77%
Mr. Gu Zengcai	Beneficial Owner	1,800,000(L)	0.06%
Ms. Lung Yuet Kwan	Beneficial Owner	1,800,000(L)	0.06%
Ms. Zhang Xiaohan	Beneficial Owner	1,400,000(L)	0.05%
Mr. Hui Yat On	Beneficial Owner	1,800,000(L)	0.06%

Notes:

1. The letter "L" denotes the person's long position in the shares.

2. Dr. Leung Ka Kit ("**Dr. Leung**") is interested in 536,735,840 Shares through his wholly-owned subsidiary Maswin International (Hong Kong) Co. Limited and 22,000,000 Shares as 22,000,000 share options of the Company have been granted to Dr. Leung, altogether Dr. Leung is interested in 558,735,840 Shares. As Ms. Wu Jing is the wife of Dr. Leung, pursuant to Part XV of the SFO, Ms. Wu Jing is deemed to be interested in the said 558,735,840 Shares.

3. Ms. Wu Jing beneficially owns 22,097,000 Shares, and pursuant to Part XV of the SFO, Dr. Leung is deemed to be interested in the said 22,097,000 Shares due to his spouse interest.

4. Dr. Leung is interested in 536,735,840 Shares through his wholly-owned subsidiary Maswin International (Hong Kong) Co. Limited pursuant to Part XV of the SFO, Dr. Leung is deemed to be interested in the said 536,735,840 Shares.

Save as disclosed above, as at 30 June 2019, none of the Directors and the chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were deemed or taken to have under such provisions of the SFO); or to be recorded in the register required to be kept under section 352 of the SFO; or to be notified to the Company and the Stock Exchange pursuant to the Appendix 10 of the Listing Rules of the Main Board.

B. Substantial Shareholders' interests or short positions in the securities of the Company

As at 30 June 2019, the interests or short positions of the substantial Shareholders (other than the interests disclosed above in respect of certain Directors who are also substantial Shareholders) in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register of substantial Shareholders as required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity	Number of Shares interested (Note 1)	Approximate percentage of the issued share capital of the Company
Wu Jing	Spouse Interest (Note 2)	558,735,840(L)	19.46%
	Beneficial Owner (Note 2)	22,097,000(L)	0.77%
Leung Ka Kit	Interest in Controlled Corporation (Note 2)	536,735,840(L)	18.69%
	Spouse Interest (Note 2)	22,097,000(L)	0.77%
	Beneficial Owner (Note 2)	22,000,000(L)	0.77%
Maswin International (Hong Kong) Co. Limited	Beneficial Owner (Note 2)	536,735,840(L)	18.69%

Name	Capacity	Number of Shares interested (Note 1)	Approximate percentage of the issued share capital of the Company
Shanghai Jihua Logistic Limited (上海際華物流有限公司)	Beneficial Owner	190,000,000(L)	6.62%
Xinxing Jihua Investment Co. Ltd. (新興際華投資有限公司)	Interest in Controlled Corporation (Note 3)	190,000,000(L)	6.62%
Xinxing Cathay International Group Co. Ltd. (新興際華集團有限公司)	Interest in Controlled Corporation (Note 3)	190,000,000(L)	6.62%

Notes:

1. The letter "(L)" denotes long position in the Shares.

2. Maswin International (Hong Kong) Co. Limited ("**Maswin International**") holds 536,735,840 Shares. Dr. Leung Ka Kit is interested in the entire issued shares of Maswin International and interested in 22,000,000 Shares as 22,000,000 share options of the Company have been granted to Dr. Leung Ka Kit, therefore, altogether Dr. Leung Ka Kit is interested in 558,735,840 Shares, and Ms. Wu Jing is the spouse of Dr. Leung Ka Kit. Pursuant to Part XV of the SFO, Dr. Leung Ka Kit and Ms. Wu Jing are deemed to be interested in the said 558,735,840 Shares.

   Ms. Wu Jing beneficially owns 22,097,000 Shares, and pursuant to Part XV of the SFO, Dr. Leung is deemed to be interested in the said 22,097,000 Shares due to his spouse interest.

3. As known to the Directors after making reasonable enquiry, as at 30 June 2019, Shanghai Jihua Logistic Limited (上海際華物流有限公司) was wholly owned by Xinxing Jihua Investment Co. Ltd. (新興際華投資有限公司), which was a wholly-owned subsidiary of Xinxing Cathay International Group Co. Ltd. (新興際華集團有限公司).

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the shareholders of the Company 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 2019 except for the following deviation.

From 1 December 2016, Mr. GU Weiwen ("**Mr. Gu**") has been re-designated and appointed as Vice Chairman of the Board, and Ms. WU Jing ("**Ms. Wu**") has been appointed as the Acting Chief Executive Officer. Upon the appointment of Ms. Wu as the Acting Chief Executive Officer, Ms. Wu assumes both the roles as the Chairman and the chief executive officer of the Company in deviation from code provision A.2.1 of the CG Code. Despite so, in view of the present rapid development of the Group and further expansion of its downstream business, the Board needs the experience of Mr. Gu in doing his Vice Chairman work and the Board believes that Mr. Gu and Ms. Wu's extensive experience and knowledge, together with the support of the management shall strengthen the solid and consistent leadership and thereby vesting the roles of both Chairman and the Acting Chief Executive Officer in Ms. Wu allows efficient business planning and decision which is in the best interest of the business development of the Group.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the required standards of dealings as set out in the Model Code throughout the Review Period.

CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS UNDER RULE 13.51B OF THE LISTING RULES

The Director's updated information is set out below. Upon specific enquiry by the Company and confirmations from Directors, save as otherwise set out in this report, there has been no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B of the Listing Rules during the Review Period.

Dr. LEUNG Ka Kit

Dr. LEUNG Ka Kit, an executive Director, was appointed as an independent non-executive director of KK Culture Holdings Limited (HK. 550) on 10 June 2019.

OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Review Period.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely, Ms. LUNG Yuet Kwan (as Chairman), Ms. ZHANG Xiaohan and Mr. HUI Yat On. 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 the results announcement and the interim reports of the Company as well as the interim condensed financial information of the Group for the Review Period.

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

For the six months ended 30 June 2019

	Note	For the six months ended 30 June 2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	3	47,949	97,872
Cost of sales		(29,161)	(75,614)
Gross profit		18,788	22,258
Other income and gain	4	4,659	4,505
Selling and distribution expenses		(1,490)	(3,259)
Administrative expenses		(26,263)	(42,565)
Other expenses		(2,444)	(45)
Finance costs	5	(21,857)	(19,461)
Share of losses of associates		(435)	(152)
LOSS BEFORE TAX	6	(29,042)	(38,719)
Income tax expense	7	15	(2,320)
LOSS FOR THE PERIOD		(29,027)	(41,039)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and Diluted		(RMB0.01)	(RMB0.02)
Loss for the period attributable to:			
Owners of the Company		(28,798)	(40,728)
Non-controlling interests		(229)	(311)
		(29,027)	(41,039)
Loss for the period		(29,027)	(41,039)
Other comprehensive income			
Items that will not be classified to profit or loss:			
Exchange difference arising on translation to presentation currency		–	–
Total comprehensive income for the period		(29,027)	(41,039)
Total comprehensive income attributable to:			
Owners of the Company		(28,798)	(40,728)
Non-controlling interests		(229)	(311)
		(29,027)	(41,039)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	265,524	235,105
Investment properties	9	174,369	90,267
Prepaid land lease payment	9	–	350,017
Intangible assets	9	655,578	657,823
Prepayments, deposits and other receivables	10	12,624	13,280
Right-of-use assets	11	356,041	–
Interest in associates		375,611	376,046
Payments in advance		145,256	90,237
Deferred tax assets		10,675	9,499
Restricted deposits		914	2,524
Total non-current assets		1,996,592	1,824,798
CURRENT ASSETS			
Inventories		39,525	54,019
Trade receivables	12	207,090	276,663
Prepayments, deposits and other receivables	10	45,197	45,154
Cash and bank balances		82,280	100,176
Total current assets		374,092	476,012
CURRENT LIABILITIES			
Trade and bills payables	13	91,940	82,648
Lease liabilities		1,026	–
Contract liabilities		969	5,925
Other payables and accruals	14	71,786	112,648
Tax payables		18,625	31,811
Interest-bearing bank and other borrowings	15	172,266	223,388
Total current liabilities		356,612	456,420
NET CURRENT ASSETS		17,480	19,592
TOTAL ASSETS LESS CURRENT LIABILITIES		2,014,072	1,844,390

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	299,985	184,250
Deferred tax liabilities		13,007	11,874
Deferred income	16	4,955	5,060
Provision for rehabilitation		15,635	15,143
Lease liabilities		89	–
Total non-current liabilities		333,671	216,327
NET ASSETS		1,680,401	1,628,063
EQUITY			
Equity attributable to owner of the Company			
Issued capital		23,817	22,768
Reserves		1,562,784	1,507,568
Equity attributable to owners of the Company		1,586,601	1,530,336
Non-controlling interests		93,800	97,727
Total equity		1,680,401	1,628,063

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	STATEMENT OF CHANGES IN EQUITY OF SHAREHOLDERS										
	Issued capital	Share premium account	Statutory surplus reserve	Safety fund surplus reserve	Share option reserve (Note 17)	Difference arising from acquisition of non-controlling interests	Contributed surplus	Retained earnings/ (accumulated losses)	Total	Non-controlling interests	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2018	18,349	1,553,169	27,012	807	1,000	(19,048)	26,636	135,443	1,743,368	317,414	2,060,782
Loss and total comprehensive income for the period	–	–	–	–	–	–	–	(40,728)	(40,728)	(311)	(41,039)
Equity-settled Share Option Expense	–	–	–	–	20,184	–	–	–	20,184	–	20,184
Issue of new shares	380	29,118	–	–	–	–	–	–	29,498	–	29,498
Establishment for safety fund surplus reserve	–	–	–	13	–	–	–	(13)	–	–	–
Expiry of shares options	–	–	–	–	(1,000)	–	–	1,000	–	–	–
As at 30 June 2018	18,729	1,582,287	27,012	820	20,184	(19,048)	26,636	95,702	1,752,322	317,103	2,069,425
As at 1 January 2019	22,768	1,701,431	27,108	840	36,219	(19,048)	26,636	(265,618)	1,530,336	97,727	1,628,063
Loss and total comprehensive income for the period	–	–	–	–	–	–	–	(28,798)	(28,798)	(229)	(29,027)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(3,698)	(3,698)
Issue of new shares	1,049	84,014	–	–	–	–	–	–	85,063	–	85,063
Expiry of shares options	–	–	–	–	(3,063)	–	–	3,063	–	–	–
As at 30 June 2019	23,817	1,785,445	27,108	840	33,156	(19,048)	26,636	(291,353)	1,586,601	93,800	1,680,401

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

		For the six months ended 30 June	
	Notes	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Net cash flows generated from/(used in) operating activities		11,271	(87,570)
Net cash flows used in investing activities		(103,280)	(9,714)
Net cash flows generated from financing activities		74,113	75,963
NET DECREASE IN CASH AND CASH EQUIVALENTS		(17,896)	(21,321)
Cash and cash equivalents at the beginning of the period		100,176	29,356
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		82,280	8,035
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash on hand and cash at banks		82,280	8,035
Cash and cash equivalents		82,280	8,035

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's principal place of business in Hong Kong is located at Unit 1302, 13/F., Golden Centre, 188 Des Voeux Road Central, Hong Kong.

During the Review Period, the Group was principally engaged in the business of mining, processing, trading and sale of marble stones, the trading of commodities and cargo handling, warehousing and logistics services.

2.1 BASIS OF PREPARATION

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

The unaudited interim condensed consolidated 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 2018.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

2.3 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

In preparing this interim condensed consolidated financial information, the Group adopted the following new or revised standards, amendments and interpretations which are effective as of 1 January 2019 and relevant to the operations of the Group:

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015–2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Save as disclosed below regarding the impact of IFRS16 *Leases*, the adoption of other new or revised standards, amendments and interpretations does not have a material impact to the Group's results of operations or financial position.

2.3 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 16 Leases

IFRS 16 replaces IAS 17 *Leases*, IFRIC-Int 4 *Determining whether an Arrangement contains a Lease*, SIC-Int 15 *Operating Leases — Incentives* and SIC-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of equity at 1 January 2019, and the comparative information for 2018 has not been restated and continues to be reported under IAS 17.

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC-Int 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components as a single lease component.

Nature of the effect of adoption of IFRS 16

As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognize and measure the right-of-use assets and the lease liabilities for all leases at the date of initial application of IFRS 16 except that the Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

2.3 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Impacts on transition

Lease liabilities at 1 January 2019 were recognizes based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. When measuring the right-of-use assets at the date of initial application of IFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review. The Group elected to present the right-of-use assets separately in the statement of financial position.

The impacts arising from the adoption of IFRS 16 as at 1 January 2019 are as follows:

	Increase/(decrease) RMB'000 (Unaudited)
Assets:	
Increase in right-of-use assets	360,569
Decrease in prepaid land lease payments	(358,956)
Increase in total assets	1,613
Liabilities:	
Increase in lease liabilities	1,613
Increase in total liabilities	1,613
Increase/(Decrease) in retained earnings	–

2.3 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

Impacts on transition (Continued)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	RMB'000 (Unaudited)
Operating lease commitments as at 31 December 2018:	4,668
Weighted average incremental borrowing rate as at 1 January 2019	8%
Discounted operating lease commitments as at 1 January 2019	4,256
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	(2,643)
Lease liabilities as at 1 January 2019	1,613
Of which are:	
Current lease liabilities	1,000
Non-current lease liabilities	613
	1,613

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Impacts for the period

As a result of the new adoption of IFRS 16, the Group recognized right-of-use assets of RMB356,041,000 and lease liabilities of RMB1,115,000 as of 30 June 2019. The Group also recognized depreciation and finance costs in relation to the new adoption of IFRS 16 amounted to RMB4,528,000 and RMB44,000 respectively.

3. REVENUE AND OPERATING SEGMENT INFORMATION

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

The Group's revenue and contribution to consolidated results are mainly derived from its sale of marble and marble related products, commodity trading and logistics services which is consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment.

Entity-wide disclosures

Information about products

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

	For the six months ended 30 June			
	2019		2018	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Marble blocks	21,047	43.9	12,084	12.3
One-side-polished slabs	24,303	50.7	26,979	27.6
Cut-to-size slabs	2,560	5.3	2,887	2.9
Commodity trading	–	–	55,142	56.3
Logistics services	39	0.1	780	0.9
	47,949	100	97,872	100

3. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

Entity-wide disclosures (Continued)

Operating Segment Information

	For the six months ended 30 June 2019 (Unaudited)			
	Marble products RMB'000	Commodity trading RMB'000	Logistics services RMB'000	Total RMB'000
SEGMENT REVENUE	47,910	–	39	47,949
Segment results	(3,863)	–	(2,311)	(6,174)
Reconciliation:				
Interest income				189
Foreign currency (loss), net				(176)
Finance costs				(21,857)
Corporate and other unallocated expenses				(589)
Share of losses of associates	(435)	–	–	(435)
Loss before tax				(29,042)
OTHER SEGMENT INFORMATION				
Impairment losses recognised in the statement of profit or loss	1,198	–	–	1,198
Depreciation and amortisation	10,104	–	530	10,634

	As at 30 June 2019 (Unaudited)			
	Marble products RMB'000	Commodity trading RMB'000	Logistics services RMB'000	Total RMB'000
Segment assets	1,503,152	117,454	105,911	1,726,517
Reconciliation:				
Deferred tax assets				10,675
Cash and cash equivalents				82,280
Corporate and other unallocated assets				551,212
Total assets				2,370,684
Segment liabilities	577,856	26,553	1,467	605,876
Reconciliation:				
Tax payable				18,625
Deferred tax liabilities				13,007
Corporate and other unallocated liabilities				52,775
Total liabilities				690,283

3. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

Entity-wide disclosures (Continued)

Operating Segment Information (Continued)

	For the six months ended 30 June 2018 (Unaudited)			
	Marble products RMB'000	Commodity trading RMB'000	Logistics services RMB'000	Total RMB'000
SEGMENT REVENUE	41,950	55,142	780	97,872
Segment results	704	2,231	(1,772)	1,163
Reconciliation:				
Interest income				26
Foreign currency (loss), net				(111)
Finance costs				(19,461)
Corporate and other unallocated expenses				(20,184)
Share of losses of associates	(152)	–	–	(152)
Loss before tax				(38,719)
OTHER SEGMENT INFORMATION				
Impairment losses recognised in the statement of profit or loss	–	–	–	–
Depreciation and amortisation	5,378	–	1,762	7,140

	As at 31 December 2018 (Audited)			
	Marble products RMB'000	Commodity trading RMB'000	Logistics services RMB'000	Total RMB'000
Segment assets	1,380,957	224,639	108,793	1,714,389
Reconciliation:				
Deferred tax assets				9,499
Cash and cash equivalents				100,176
Corporate and other unallocated assets				476,746
Total assets				2,300,810
Segment liabilities	599,175	27,826	2,061	629,062
Reconciliation:				
Tax payable				31,811
Deferred tax liabilities				11,874
Total liabilities				672,747

3. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

Entity-wide disclosures (Continued)

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	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Domestic*:		
Mainland China	47,949	97,808
Overseas	–	64
	47,949	97,872

* 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**"), ArtGo Stone (Jiangxi) Co., Ltd. ("**ArtGo Stone**"), ArtGo (Jiangsu) Technology Industrial Ltd. (雅高(江蘇)科技實業有限公司) ("**ArtGo Jiangsu**"), ArtGo Junqi (Shanghai) ("**Shanghai Junqi**"), ArtGo (Xuyi) Co. Ltd. ("**ArtGo Xuyi**") and ArtGo Junqi (Xiamen) ("**Xiamen Junqi**").

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

Information about major customers

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

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Customer A	–	55,142
Customer B	12,765	–
Customer C	9,842	–
Customer D	8,399	–

4. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Bank interest income	189	26
Government subsidy	646	674
Rental income	3,819	3,801
Miscellaneous	5	4
	4,659	4,505

5. FINANCE COSTS

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Interest on bank loans	8,400	7,128
Unwinding of discount on rehabilitation	492	441
Interest on other borrowings	12,921	11,892
Interest on lease liabilities	44	–
Total	21,857	19,461

6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Cost of inventories sold	27,569	75,568
Cost of services provided	1,592	46
Employee benefit expense (including directors' and chief executive's remuneration)		
— Salary, wages and other benefits	7,263	9,263
— Equity-settled share option expenses	–	20,184
Depreciation of property, plant and equipment (note 9)	5,043	5,074
Depreciation of investment properties (note 9)	958	961
Amortisation of prepaid land lease	–	663
Amortisation of intangible assets (note 9)	105	337
Depreciation of right-of-use assets (note 11)	4,528	–
Operating lease rentals in respect of rental premises	3,373	2,621
Auditor's remuneration	–	–
Foreign exchange losses (gains), net	176	111
Bank interest income (note 4)	(189)	(26)
Rental income	(3,819)	(3,801)

7. INCOME TAX

	For the six months ended 30 June	
	2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Current — Mainland China		
Charged for period	132	2,323
Deferred	(147)	(3)
Total tax charge for the Review Period	(15)	2,320

Notes:

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

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

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

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

The calculation of loss per share is based on the loss attributable to owners of the Company for the Review Period of RMB28,798,000 (six months ended 30 June 2018: loss of RMB40,728,000) and the weighted average number of ordinary shares of 2,759,288,669 (six months ended 30 June 2018: 2,281,949,471) in issue during the Review Period.

The computations of diluted loss per share for the Review Period do not assume the exercise of the Company's share options as they would reduce loss per share. No adjustment has been made to the basic earning per share presented for the six months ended 30 June 2018 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 that period.

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

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

	Property, plant and equipment RMB'000 (Unaudited) (Note a)	Investment properties RMB'000 (Unaudited)	Intangible assets RMB'000 (Unaudited) (Note b)	Prepaid land lease payment RMB'000 (Unaudited)
Carrying amount at 1 January 2019	235,105	90,267	657,823	358,956
Additions	43,321	–	–	–
Acquisition of a subsidiary	–	85,060	–	–
Disposals	(7,859)	–	(2,140)	–
Depreciation/amortization charged for the Review Period (note 6)	(5,043)	(958)	(105)	–
Reclassification to right-of-use assets (note 11)	–	–	–	(358,956)
Carrying amount at 30 June 2019	265,524	174,369	655,578	–

Notes:

(a) At 30 June 2019, the property, plant and equipment with aggregate carrying amount of approximately RMB12,009,000 (31 December 2018: RMB12,952,000) were pledged to secure the other borrowings of RMB220,000,000 mentioned in note 15.

(b) At 30 June 2019, certain of the intangible assets of the Group, with aggregate carrying amount of RMB116,627,000 (31 December 2018: RMB116,627,000) were pledged to banks to secure certain of the bank loans granted to the Group.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Current portion:			
Prepayments in respect of:			
— Processing fee		2,725	2,419
— Warehouse rental		924	1,580
— Lease of parcels of land	(a)	818	949
— Prepaid land lease payment to be amortised within one year		–	8,939
— Advance to staff		1,399	–
— Purchase of materials and supplies		1,886	1,206
— Purchase of marble blocks and slabs		13,426	16,398
— Rental receivable		1,782	–
— Service fee		1,648	1,791
Deposits		2,870	3,196
Deductible input value-added tax		2,086	916
Deferred rental income		3,189	–
Performance security		3,000	3,000
Due from associated companies		2,250	–
Other receivables		8,075	5,641
		46,078	46,035
Impairment allowance		(881)	(881)
Total		45,197	45,154
Non-current portion:			
Prepayments in respect of:			
— Lease of parcels of land	(a)	7,669	8,220
— Cultivated land used tax	(b)	4,955	5,060
		12,624	13,280

Notes:

(a) The balances represent prepayments made to villagers for the use of parcels of land for mining activities at the marble mines located in the Yongfeng County, Jiangxi Province, the PRC ("**Yongfeng Mine**") and in Lichuan County, Hubei Province, the PRC ("**Lichuan Mine**").

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

11. RIGHT-OF-USE ASSETS

	30 June 2019 RMB'000 (Unaudited)
As at 1 January	
— Reclassification from prepaid land lease payments (net carrying amount) (note 9)	358,956
— Upon adoption of IFRS 16	1,613
Amortisation for the period (note 6)	(4,528)
Net book value, as at 30 June	356,041

Notes:

(a) The Group has initially applied IFRS16 using the modified retrospective approach and the comparative information is not restated.

(b) At 30 June 2019, prepaid land lease payment/right-of-use assets of the Group with aggregate carrying amount of RMB294,573,000 (31 December 2018: RMB298,457,000) were pledged to banks to secure certain of the bank loans granted to the Group.

12. TRADE RECEIVABLES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade receivables	235,207	303,582
Impairment	(28,117)	(26,919)
	207,090	276,663

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 does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

12. TRADE RECEIVABLES (CONTINUED)

An aged analysis of the trade receivables as at 30 June 2019 and 31 December 2018, based on the delivery date and net of provision, is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within 1 month	33,125	269,069
1 to 3 months	8,730	4,461
3 to 6 months	3,622	3,133
6 to 12 months	161,613	–
Over 1 year	–	–
	207,090	276,663

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

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
At the beginning of the year	26,919	11,059
— Effect of adoption of IFRS 9		6,193
— At beginning of year (restated)		17,252
Impairment loss, net	1,198	9,667
	28,117	26,919

13. TRADE AND BILLS PAYABLES

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Trade payables	51,590	42,298
Bills payables	40,350	40,350
	91,940	82,648

13. TRADE AND BILLS PAYABLES (CONTINUED)

An aged analysis of the trade and bills payable as at 30 June 2019 and 31 December 2018, based on the invoice date or issue date, where appropriate, is as follows:

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Within 1 month	123	5,894
1 to 2 months	763	861
2 to 3 months	2,629	1,538
Over 3 months	88,425	74,355
	91,940	82,648

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.

14. OTHER PAYABLES AND ACCRUALS

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Current portion:		
Payables relating to:		
Purchase of property, plant and equipment	3,151	11,314
Purchase of mining rights	–	18,600
Payroll and welfare	12,076	11,485
Taxes other than income tax	22,818	26,149
Professional fees	8,596	9,709
Mineral resources compensation fees	3,357	4,480
Due to a shareholder	–	1,550
Rental fees	2,576	1,473
Distributors' earnest money	2,385	1,745
Security deposit	1,886	1,886
Consideration payable for acquisition of a subsidiary	–	11,432
Employee reimbursement	–	529
Advertisement fees	–	191
Interest payables	9,452	9,694
Others	5,489	2,411
Total	71,786	112,648

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Bank loans:			
Secured and guaranteed	(a)	34,858	36,653
Secured	(a)	136,736	142,047
Guaranteed	(b)	27,963	4,188
		199,557	182,888
Effective interest rate per annum (%)		5.66–12.00	5.66–7.60
Other borrowings:			
Secured and guaranteed	(a)	237,594	220,000
Unsecured		35,100	4,750
		272,694	224,750
Effective interest rate per annum (%)		8.00–28.08	8.00–9.20
Analysed into:			
Bank loans repayable:			
Within one year		53,572	173,388
In the second year		145,985	9,500
In the third to fifth years, inclusive		–	–
		199,557	182,888
Other borrowings repayable:			
Within one year		118,694	50,000
In the second year		148,150	170,000
In the third to fifth years, inclusive		5,850	4,750
		272,694	224,750
Total bank and other borrowings		472,251	407,638
Portion classified as current liabilities		(172,266)	(223,388)
Non-current portion		299,985	184,250

15. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

(a) The Group's bank loans and other borrowings of approximately RMB409,188,000 as at 30 June 2019 (31 December 2018: RMB398,700,000) were secured by certain assets with net carrying values as follows:

	Notes	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Secured by:			
Property, plant and equipment	9	12,009	12,952
Right-for-use assets	11	294,573	298,457
Mining right of Zhangxi Mine	9	116,627	116,627
		423,209	428,036

The Group's secured bank and other borrowings of approximately RMB254,858,000 as at 30 June 2019 (31 December 2018: RMB256,652,000) were also jointly guaranteed by the Company's directors, Ms. Wu. Jing and Mr. Leung Ka Kit and RMB17,594,000 was guaranteed by Ms. Wu Jing.

(b) The Group's bank loans of approximately RMB4,188,000 as at 30 June 2019 (31 December 2018: RMB4,188,000) were guaranteed by an independent third party, Xiamen Siming Technique Financial Guarantee Co., Ltd, with a guarantee charge of RMB80,000.

16. DEFERRED INCOME

	RMB'000
Government grant	
At 1 January 2019	5,060
Released to profit or loss	(105)
At 30 June 2019 (unaudited)	4,955

Deferred income represents a government grant received by Jueshi Mining in respect of farmland occupation 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 farmland occupation tax.

17. SHARE OPTION SCHEMES

On 9 December 2013, the Share Option Scheme was conditionally adopted by the Company and came into effect on 30 December 2013. The purpose of the Share Option Scheme is to enable the Company to grant options to eligible participants as incentives or rewards for their contribution to the Group.

The following share options were outstanding during the Review Period:

	Notes	Weighted average exercise price HK$ per share	Number of options
As at 1 January 2019	(a)	0.566	362,633,400
Expired during the period	(b)	0.854	(22,000,000)
As at 30 June 2019			340,633,400

Notes:

(a) On 4 January and 30 October 2018, options to subscribe for a total of 133,333,400 and 229,300,000 shares with a nominal value of HK$0.01 each in the share capital of the Company were granted under the Share Option Scheme at exercise prices of HK$0.854 and HK$0.399, respectively.

(b) On 31 March 2019, 22,000,000 share options expired without being exercised, which were granted on 4 January 2018 at an exercise price of HK$0.854 per share.

18. DIVIDENDS

At a meeting of the Board held on 30 August 2019, the Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

19. COMMITMENTS

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

	30 June 2019 RMB'000 (Unaudited)	31 December 2018 RMB'000 (Audited)
Contracted, but not provided for:		
— Plant and equipment	119,899	152,959
	119,899	152,959

20. RELATED PARTY TRANSACTIONS

(a) As at 30 June 2019, the Group had obtained bank and other borrowings aggregated to RMB254,858,000 (31 December 2018: RMB256,652,000), which were jointly guaranteed by Ms. Wu Jing and Mr. Leung Ka Kit with nil consideration and RMB17,594,000 was guaranteed by Ms. Wu Jing with nil consideration.

(b) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Basic salaries and other benefits	2,193	1,357
Equity-settled share option expense	–	10,809
Pension scheme contributions	123	61
Total compensation paid to key management personnel	2,316	12,227

21. EVENTS AFTER THE REPORTING PERIOD

(a) On 2 June 2019, ArtGo Investment and Jiang Meiqin ("**Ms. Jiang**") entered into a sale and purchase agreement, pursuant to which ArtGo Investment has conditionally agreed to acquire, and Ms. Jiang has conditionally agreed to sell, among others, the entire issued share capital of Kalong Holdings Limited ("**Kalong**"), at the consideration of RMB45 million. The consideration shall be satisfied by the allotment and issuance of Consideration Shares at the issue price of HK$0.81 per share.

The transaction was completed on 23 August 2019 and an aggregate of 63,131,313 new shares were allotted and issued. Details of the acquisition are set out in the Company's announcements dated 2 July 2019 and 23 August 2019 respectively.

(b) On 13 June 2019, ArtGo Investment Limited ("**ArtGo Investment**"), a wholly-owned subsidiary of the Company, and Zhou Chengjiu ("**Mr. Zhou**") entered into a sale and purchase agreement, pursuant to which ArtGo Investment has conditionally agreed to acquire, and Mr. Zhang has conditionally agreed to sell the entire issued share capital of Good Benefit Holdings Limited ("**Good Benefit**"), at the consideration of RMB212 million (subject to adjustment). The consideration shall be satisfied by the allotment and issuance of Consideration Shares at the issue price of HK$0.81 per share. The final amount of the consideration is subject to, among others, (i) the Assets Restructuring; and (ii) the final valuation of the assets (any/or all the four residential properties) to be held by a subsidiary of Good Benefit after the Assets Restructuring.

The transaction was completed on 29 August 2019 under which two of the properties were eventually held by the subsidiary of Good Benefit after the Assets Restructuring and the consideration was adjusted to RMB121 million which was satisfied by the allotment and issue of 164,156,830 new Shares. Details of the acquisition are set out in the Company's announcements dated 13 June 2019 and 29 August 2019 respectively.

22. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 30 August 2019.