

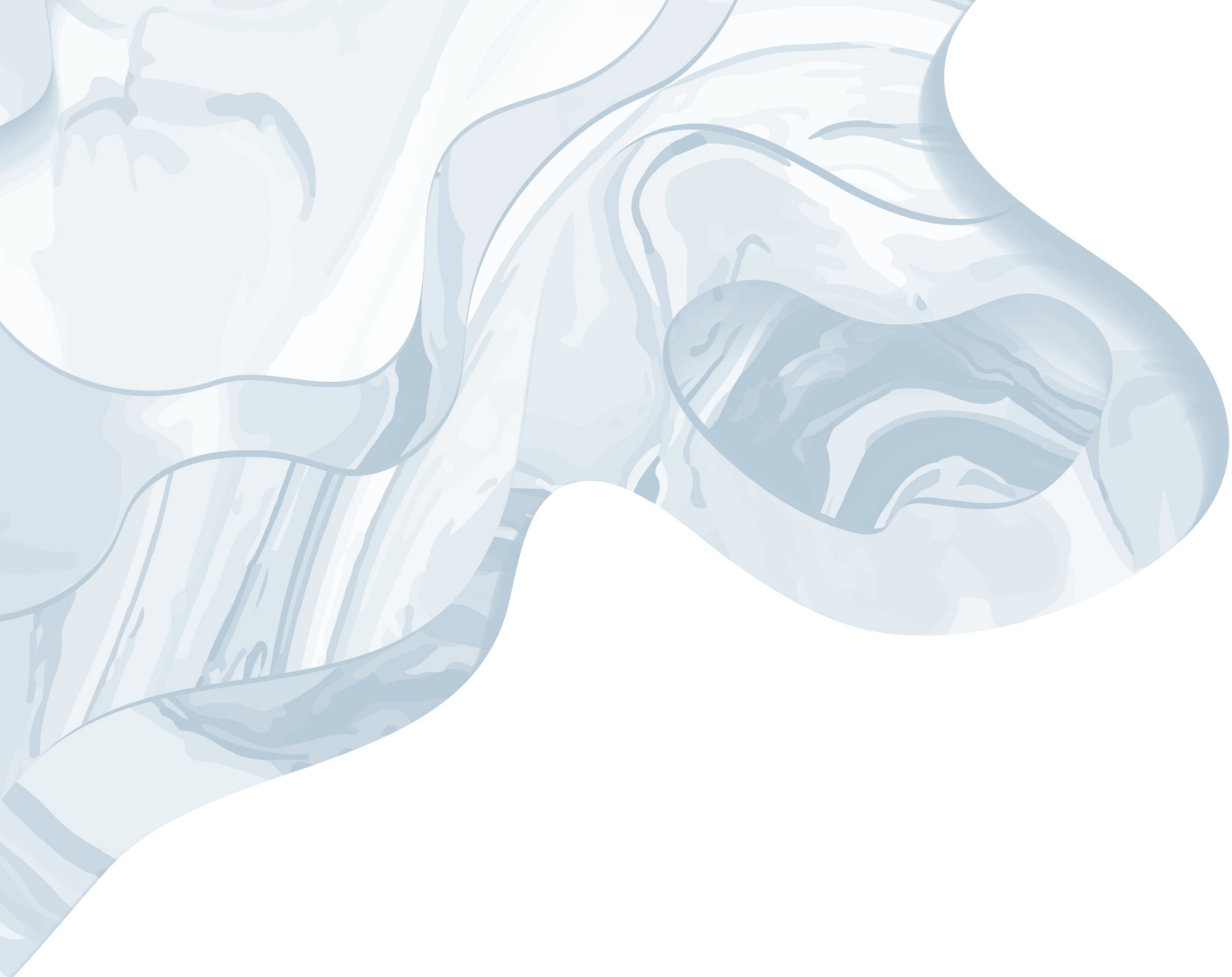
**雅高控股**  
ARTGO HOLDINGS

**ARTGO HOLDINGS LIMITED**  
**雅高控股有限公司**

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



**INTERIM REPORT 2020**



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Ms. WU Jing (*Chairman*) (*Acting Chief Executive Officer*)

Mr. GU Weiwen (*Vice Chairman*)

Mr. ZHANG Jian

### Non-executive Director

Mr. GU Zengcai

### Independent Non-executive Directors

Ms. LUNG Yuet Kwan

Mr. HUI Yat On

Mr. ZHAI Feiquan (appointed on 20 July 2020)

Mr. ZHANG Xiaohan (resigned on 21 April 2020)

## AUTHORISED REPRESENTATIVES

Ms. WU Jing

Mr. GU Weiwen

## AUDIT COMMITTEE

Ms. LUNG Yuet Kwan (*Chairman*)

Mr. HUI Yat On

Mr. ZHAI Feiquan (appointed on 20 July 2020)

Mr. ZHANG Xiaohan (resigned on 21 April 2020)

## REMUNERATION COMMITTEE

Mr. HUI Yat On (*Chairman*)

Ms. WU Jing

Ms. LUNG Yuet Kwan

## NOMINATION COMMITTEE

Ms. WU Jing (*Chairman*)

Mr. HUI Yat On

Mr. ZHAI Feiquan (appointed on 20 July 2020)

Mr. ZHANG Xiaohan (resigned on 21 April 2020)

## 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 BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
17M 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](http://www.artgo.cn)

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

For the six months ended 30 June 2020

## INTERIM FINANCIAL INFORMATION

The board (the “Board”) of directors (the “Directors”) of ArtGo Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) hereby announces the unaudited interim financial information of the Company for the six months ended 30 June 2020 (“Review Period”). The interim financial information for the Review Period have been reviewed by the Company’s audit committee under the Board (“Audit Committee”).

	Notes	For the six months ended 30 June	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited) (Re-presented)
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>	3	<b>43,384</b>	47,910
Cost of sales		<b>(31,238)</b>	(27,569)
<b>Gross profit</b>		<b>12,146</b>	20,341
Other income and gain	4	<b>5,106</b>	4,659
Selling and distribution expenses		<b>(3,540)</b>	(1,490)
Administrative expenses		<b>(23,465)</b>	(25,545)
Other expenses		<b>(7,514)</b>	(1,209)
Impairment loss on investment properties	9	<b>(36,667)</b>	–
Impairment loss on trade receivables	12	<b>(13,388)</b>	(1,198)
Finance costs	5	<b>(24,374)</b>	(21,857)
Share of losses of associates		<b>(35)</b>	(435)
<b>LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>	6	<b>(91,731)</b>	(26,734)
Income tax credit/(expense)	7	<b>19</b>	(132)
<b>LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>(91,712)</b>	(26,866)
<b>DISCONTINUED OPERATION</b>			
Loss for the period from a discontinued operation	17	<b>(711)</b>	(2,161)
<b>LOSS FOR THE PERIOD</b>		<b>(92,423)</b>	(29,027)
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:</b>			
— Basic and diluted			
— For loss for the period		<b>(RMB0.0289)</b>	(RMB0.0104)
— For loss from continuing operations		<b>(RMB0.0287)</b>	(RMB0.0097)

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

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited) (Re-presented)
<b>Loss for the period attributable to:</b>		
Owners of the Company	(92,347)	(28,798)
Non-controlling interests	(76)	(229)
	<b>(92,423)</b>	(29,027)
<b>Loss for the period</b>	<b>(92,423)</b>	(29,027)
<b>Other comprehensive loss</b>		
<i>Items that will not be classified to profit or loss:</i>		
Exchange difference arising on translation to presentation currency	-	-
<b>Total comprehensive loss for the period</b>	<b>(92,423)</b>	(29,027)
<b>Total comprehensive loss attributable to:</b>		
Owners of the Company	(92,347)	(28,798)
Non-controlling interests	(76)	(229)
	<b>(92,423)</b>	(29,027)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	349,267	338,670
Investment properties	9	250,306	290,975
Right-of-use assets	11	267,457	272,557
Intangible assets	9	657,502	657,612
Prepayments, other receivables and other assets	10	4,751	4,850
Goodwill		2,096	2,096
Investments in associates		363,104	363,139
Payments in advance		120,774	78,962
Deferred tax assets		6,249	4,848
Restricted deposits		3,526	3,721
Total non-current assets		2,025,032	2,017,430
<b>CURRENT ASSETS</b>			
Inventories		33,921	29,164
Trade receivables	12	103,273	172,929
Prepayments, other receivables and other assets	10	86,232	82,901
Cash and bank balances		86,938	84,765
Assets of a disposal group classified as held for sale	17	102,659	104,321
Total current assets		413,023	474,080
<b>CURRENT LIABILITIES</b>			
Trade payables	13	38,106	57,670
Contract liabilities		3,358	4,223
Other payables and accruals	14	74,630	79,380
Tax payables		37,862	23,297
Lease liabilities		3,526	3,110
Interest-bearing bank and other borrowings	15	186,013	211,575
Liabilities directly associated with the assets classified as held for sale	17	10,589	11,539
Total current liabilities		354,084	390,794
<b>NET CURRENT ASSETS</b>		<b>58,939</b>	83,286
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,083,971</b>	2,100,716

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	15	<b>322,193</b>	266,247
Deferred tax liabilities		<b>4,143</b>	2,895
Deferred income	16	<b>8,294</b>	4,850
Lease liabilities		<b>1,245</b>	3,436
Provision for rehabilitation		<b>16,664</b>	16,140
Total non-current liabilities		<b>352,539</b>	293,568
Net assets		<b>1,731,432</b>	1,807,148
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Issued capital		<b>28,249</b>	26,392
Reserves		<b>1,609,760</b>	1,687,257
		<b>1,638,009</b>	1,713,649
Non-controlling interests		<b>93,423</b>	93,499
Total equity		<b>1,731,432</b>	1,807,148



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

STATEMENT OF CHANGES IN EQUITY OF SHAREHOLDERS											
	Issued capital	Share premium account	Statutory surplus reserve	Safety fund surplus reserve	Share option reserve (Note 18)	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 2019 (Audited)	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 loss 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	-	-	-
<b>As at 30 June 2019 (Unaudited)</b>	<b>23,817</b>	<b>1,785,445</b>	<b>27,108</b>	<b>840</b>	<b>33,156</b>	<b>(19,048)</b>	<b>26,636</b>	<b>(291,353)</b>	<b>1,586,601</b>	<b>93,800</b>	<b>1,680,401</b>
At 1 January 2020 (Audited)	<b>26,392</b>	<b>1,975,267</b>	<b>26,219</b>	<b>840</b>	<b>25,570</b>	<b>(19,048)</b>	<b>26,636</b>	<b>(348,227)</b>	<b>1,713,649</b>	<b>93,499</b>	<b>1,807,148</b>
Loss and total comprehensive loss for the period	-	-	-	-	-	-	-	(92,347)	(92,347)	(76)	(92,423)
Issue of new shares	<b>1,857</b>	<b>14,850</b>	-	-	-	-	-	-	<b>16,707</b>	-	<b>16,707</b>
Expiry of share option	-	-	-	-	(13,518)	-	-	<b>13,518</b>	-	-	-
<b>At 30 June 2020 (Unaudited)</b>	<b>28,249</b>	<b>1,990,117</b>	<b>26,219</b>	<b>840</b>	<b>12,052</b>	<b>(19,048)</b>	<b>26,636</b>	<b>(427,056)</b>	<b>1,638,009</b>	<b>93,423</b>	<b>1,731,432</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited) (Re-presented)
<b>Net cash flows generated from operating activities</b>	<b>19,158</b>	11,271
<b>Net cash flows used in investing activities</b>	<b>(62,152)</b>	(103,280)
<b>Net cash flows generated from financing activities</b>	<b>45,144</b>	74,113
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,150</b>	(17,896)
Cash and cash equivalents at the beginning of the period	<b>84,788</b>	100,176
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>86,938</b>	82,280
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash on hand and cash at banks as stated in the statement of financial position	<b>86,938</b>	82,259
Cash on hand and cash at banks attributable to a discontinued operation	-	21
<b>Cash and cash equivalents</b>	<b>86,938</b>	82,280

# 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 and calcium carbonate products, 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 2019.

## 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 2019.

## 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 2020 and relevant to the operations of the Group:

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>
Amendments to IFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>

The adoption of new or revised standards, amendments and interpretations does not have a material impact to the Group's results of operations or financial position.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 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 and calcium carbon products (collectively "**Marble product**"), 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			
	2020		2019	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited) (Re-presented)	%
Continuing operations				
Marble blocks	<b>1,748</b>	<b>3.9</b>	21,047	43.9
One-side-polished slabs	<b>25,122</b>	<b>55.8</b>	24,303	50.7
Cut-to-size slabs	–	–	2,560	5.3
Calcium carbonate products	<b>16,514</b>	<b>36.7</b>	–	–
Commodity trading	–	–	–	–
	<b>43,384</b>	<b>96.4</b>	47,910	99.9
Discontinued operation				
Logistics services	<b>1,598</b>	<b>3.6</b>	39	0.1
	<b>44,982</b>	<b>100</b>	47,949	100

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 3. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

### Entity-wide disclosures (Continued)

#### Operating Segment Information

	For the six months ended 30 June 2020 (Unaudited)		
	Marble products RMB'000	Commodity trading RMB'000	Total RMB'000
SEGMENT REVENUE	43,384	–	43,384
<b>Segment results</b>	<b>(17,368)</b>	–	<b>(17,368)</b>
<i>Reconciliation:</i>			
Interest income			378
Foreign currency loss, net			(704)
Finance costs (other than interest on lease liabilities)			(24,200)
Corporate and other unallocated expenses			(49,837)
Loss before tax from continuing operations			(91,731)
<b>OTHER SEGMENT INFORMATION</b>			
Impairment losses recognised in statement of profit or loss	13,388	–	13,388
Share of losses of associates	35	–	35
Investments in associates	363,104	–	363,104
Depreciation and amortisation	8,369	–	8,369
Capital expenditures	12,707	–	12,707

	As at 30 June 2020 (Unaudited)		
	Marble products RMB'000	Commodity trading RMB'000	Total RMB'000
<b>Segment assets</b>	<b>1,811,496</b>	–	<b>1,811,496</b>
<i>Reconciliation:</i>			
Deferred tax assets			6,249
Cash and cash equivalents			86,938
Restricted deposits			3,526
Corporate and other unallocated assets			427,187
Assets related to a discontinued operation			102,659
Total assets			2,438,055
<b>Segment liabilities</b>	<b>654,029</b>	–	<b>654,029</b>
<i>Reconciliation:</i>			
Tax payable			37,862
Deferred tax liabilities			4,143
Liabilities related to a discontinued operation			10,589
Total liabilities			706,623

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 3. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

### Entity-wide disclosures (Continued)

#### Operating Segment Information (Continued)

	For the six months ended 30 June 2019 (Unaudited)		
	(Re-presented)		
	Marble products RMB'000	Commodity trading RMB'000	Total RMB'000
SEGMENT REVENUE	47,910	–	47,910
<b>Segment results</b>	(4,298)	–	(4,298)
<i>Reconciliation:</i>			
Interest income			189
Foreign currency loss, net			(176)
Finance costs (other than interest on lease liabilities)			(21,813)
Corporate and other unallocated expenses			(636)
Loss before tax from continuing operations			(26,734)
<b>OTHER SEGMENT INFORMATION</b>			
Impairment losses recognised in the statement of profit or loss	1,198	–	1,198
Share of losses of associates	435	–	435
Investments in associates	375,611	–	375,611
Depreciation and amortisation	10,104	–	10,104
Capital expenditures	9,415	–	9,415
	As at 31 December 2019 (Audited)		
	Marble products RMB'000	Commodity trading RMB'000	Total RMB'000
<b>Segment assets</b>	1,783,781	59,919	1,843,700
<i>Reconciliation:</i>			
Deferred tax assets			4,848
Cash and cash equivalents			84,765
Restricted deposits			3,721
Corporate and other unallocated assets			450,155
Assets related to a discontinued operation			104,321
Total assets			2,491,510
<b>Segment liabilities</b>	636,194	10,437	646,631
<i>Reconciliation:</i>			
Tax payable			23,297
Deferred tax liabilities			2,895
Liabilities related to a discontinued operations			11,539
Total liabilities			684,362

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 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	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited) (Re-presented)
Domestic*:		
Mainland China	43,384	47,910
Overseas	–	–
	<b>43,384</b>	47,910

\* 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 Junqi (Shanghai) ("**Shanghai Junqi**"), ArtGo (Xuyi) Co. Ltd. ("**ArtGo Xuyi**") and ArtGo Junqi (Xiamen) ("**Xiamen Junqi**") and Jiangxi Keyue Technology Co., Ltd. ("**Jiangxi Keyue**").

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	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited) (Re-presented)
Customer A	13,189	–
Customer B	4,307	–
Customer C	8,483	12,765
Customer D	–	9,842
Customer E	–	8,399

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 4. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited) (Re-presented)
Bank interest income (note 6)	378	189
Government subsidy	1,330	646
Rental income (note 6)	3,291	3,819
Deferred income released to profit or loss	105	–
Miscellaneous	2	5
	<b>5,106</b>	4,659

## 5. FINANCE COSTS

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited) (Re-presented)
Interest on bank loans	9,970	8,400
Unwinding of discount on rehabilitation	524	492
Interest on other borrowings	13,706	12,921
Interest on lease liabilities	174	44
	<b>24,374</b>	21,857



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 6. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

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

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited) (Re-presented)
Cost of inventories sold	<b>31,238</b>	27,569
Employee benefit expense (including directors' and chief executive's remuneration)		
— Salary, wages and other benefits	<b>7,122</b>	7,040
Depreciation of property, plant and equipment (note 9)	<b>3,948</b>	3,949
Depreciation of investment properties (note 9)	<b>4,002</b>	958
Amortisation of intangible assets (note 9)	<b>110</b>	105
Depreciation of right-of-use assets (note 11)	<b>5,710</b>	4,528
Lease payments not included in the measurement of lease liabilities	<b>1,947</b>	3,373
Impairment losses recognised in investment properties (note 9)	<b>36,667</b>	–
Impairment losses recognised in trade receivables (note 12)	<b>13,388</b>	1,108
Auditor's remuneration	–	–
Foreign exchange losses, net	<b>704</b>	176
Bank interest income (note 4)	<b>(378)</b>	(189)
Rental income (note 4)	<b>(3,291)</b>	(3,819)

## 7. INCOME TAX

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited) (Re-presented)
Current — Mainland China		
Charged for period	<b>112</b>	132
Deferred	<b>(131)</b>	–
Total tax (credit)/charge for the Review Period	<b>(19)</b>	132

Notes:

- 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.
- 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.
- 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.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 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 RMB92,347,000 (six months ended 30 June 2019: loss of RMB28,798,000) and the weighted average number of ordinary shares of 3,196,033,498 (six months ended 30 June 2019: 2,759,288,669) in issue during the Review Period.

The computations of diluted loss per share for both the Review Period and the six months ended 30 June 2019 do not assume the exercise of the Company's share options as they would reduce loss per share.

## 9. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS

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

	Property, plant and equipment RMB'000 (Note a)	Investment properties RMB'000 (Note b)	Intangible assets RMB'000 (Note c)
Carrying amount at 1 January 2020 (Audited)	<b>338,670</b>	<b>290,975</b>	<b>657,612</b>
Additions — continuing operations	<b>19,889</b>	–	–
Additions — discontinued operation	<b>36</b>	–	–
Written off — continuing operations	<b>(4,286)</b>	–	–
Depreciation/amortization charged for the Review Period (note 6)			
— continuing operations	<b>(3,948)</b>	<b>(4,002)</b>	<b>(110)</b>
— discontinued operation	<b>(1,094)</b>	–	–
Impairment loss — continuing operations (note 6)	–	<b>(36,667)</b>	–
Carrying amount at 30 June 2020 (Unaudited)	<b>349,267</b>	<b>250,306</b>	<b>657,502</b>

Notes:

- (a) At 30 June 2020, the property, plant and equipment with an aggregate carrying amount of approximately RMB34,552,000 (31 December 2019: RMB35,575,000) were pledged to secure the other borrowings of RMB220,000,000 mentioned in note 15.
- (b) At 30 June 2020, the Group's investment properties with a total carrying amount of RMB166,161,000 (31 December 2019: RMB204,775,000) were pledged to secure certain other borrowings granted to the Group as mentioned in note 15.
- (c) At 30 June 2020, certain of the intangible assets of the Group, with an aggregate carrying amount of RMB282,093,000 (31 December 2019: RMB282,093,000) were pledged to banks to secure certain of the bank loans granted to the Group as mentioned in note 15.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
<i>Current portion:</i>			
Prepayments in respect of:			
— Processing fee		<b>4,671</b>	2,296
— Purchase of materials and supplies		<b>19,371</b>	1,106
— Purchase of industrial goods		<b>40,197</b>	19,458
— Warehouse rental		<b>1,279</b>	1,580
— Machines rental		<b>1,453</b>	–
— Service fee		<b>2,061</b>	1,839
Deposits		<b>3,767</b>	4,092
Deductible input value-added tax		<b>2,892</b>	3,035
Consideration receivables for disposal of subsidiaries		–	36,593
Performance security		<b>3,000</b>	3,000
Receivables under an operating lease		<b>2,432</b>	12,296
Other receivables		<b>8,317</b>	814
		<b>89,440</b>	86,109
Impairment allowance		<b>(3,208)</b>	(3,208)
		<b>86,232</b>	82,901
<i>Non-current portion:</i>			
Prepayments in respect of			
— Cultivated land used compensation	(a)	<b>4,751</b>	4,850
		<b>4,751</b>	4,850

Note:

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 11. RIGHT-OF-USE ASSETS

	Prepaid land lease payment RMB'000	Office premises RMB'000	Parcels of land RMB'000	Total RMB'000
At 1 January 2020 (Audited)	<b>258,623</b>	<b>5,714</b>	<b>8,220</b>	<b>272,557</b>
New leases	-	<b>610</b>	-	<b>610</b>
Depreciation charge from continuing operations (note 6)	<b>(3,589)</b>	<b>(500)</b>	<b>(1,621)</b>	<b>(5,710)</b>
At 30 June 2020 (Unaudited)	<b>255,034</b>	<b>5,824</b>	<b>6,599</b>	<b>267,457</b>

Note:

- (a) At 30 June 2020, prepaid land lease payment/right-of-use assets of the Group with an aggregate carrying amount of RMB255,662,000 (31 December 2019: RMB259,858,000) were pledged to banks to secure certain of the bank loans granted to the Group as mentioned in note 15.

## 12. TRADE RECEIVABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade receivables	<b>150,305</b>	206,573
Impairment	<b>(47,032)</b>	(33,644)
	<b>103,273</b>	172,929

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.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 12. TRADE RECEIVABLES (CONTINUED)

An ageing analysis of the trade receivables as at 30 June 2020 and 31 December 2019, based on the delivery date and net of provision, is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Within 1 month	20,031	73,624
1 to 3 months	6,752	36,716
3 to 6 months	6,558	5,681
6 to 12 months	69,932	56,908
	<b>103,273</b>	172,929

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
At the beginning of the period/year	33,644	26,919
Impairment loss, net (note 6)	13,388	6,725
	<b>47,032</b>	33,644

## 13. TRADE PAYABLES

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Trade payables	38,106	57,670
	<b>38,106</b>	57,670

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 13. TRADE PAYABLES (CONTINUED)

An ageing analysis of the trade payable as at 30 June 2020 and 31 December 2019, based on the invoice date or issue date, where appropriate, is as follows:

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Within 1 month	837	4,178
1 to 2 months	7,350	6,866
2 to 3 months	1,042	1,277
Over 3 months	28,877	45,349
	<b>38,106</b>	57,670

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

## 14. OTHER PAYABLES AND ACCRUALS

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Current portion:		
Payables relating to:		
Taxes other than income tax	18,999	27,041
Professional fees	4,096	10,772
Payroll and welfare	8,159	6,281
Purchase of property, plant and equipment	4,322	5,148
Mineral resources compensation fees	4,480	4,480
Security deposit	3,000	1,886
Distributors' earnest money	1,865	1,745
Rental fees	2,465	808
Employee reimbursement	246	667
Advertisement fees	191	191
Interest payables relating to:		
— Bank loans	21,469	12,518
— Purchase of mining rights	3,707	3,707
Others	1,631	4,136
	<b>74,630</b>	79,380

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Bank loans:			
Secured and guaranteed	(a)	<b>167,276</b>	167,276
Secured	(a)	<b>14,140</b>	14,240
Guaranteed	(b)	<b>37,562</b>	41,856
		<b>218,978</b>	223,372
Effective interest rate per annum (%)		<b>5.66–12.00</b>	5.66–12.00
Other borrowings:			
Secured and guaranteed	(a)	<b>182,150</b>	200,000
Unsecured	(c)	<b>107,078</b>	54,450
		<b>289,228</b>	254,450
Effective interest rate per annum (%)		<b>5.00–21.60</b>	5.00–27.00
Analysed into:			
Bank loans repayable:			
Within one year		<b>40,013</b>	23,240
In the second year		<b>171,464</b>	200,132
		<b>211,477</b>	223,372
Other borrowings repayable:			
Within one year		<b>146,000</b>	188,335
In the second year		<b>143,179</b>	58,665
In the third to fifth years, inclusive		<b>7,550</b>	7,450
		<b>296,729</b>	254,450
Total bank and other borrowings		<b>508,206</b>	477,822
Portion classified as current liabilities		<b>(186,013)</b>	(211,575)
Non-current portion		<b>322,193</b>	266,247

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

- (a) The Group's bank loans and other borrowings of approximately RMB363,566,000 as at 30 June 2020 (31 December 2019: RMB381,516,000) were secured by certain assets with net carrying values as follows:

	Notes	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Secured by:			
Property, plant and equipment	9	<b>34,552</b>	35,575
Investment properties	9	<b>166,161</b>	204,775
Prepaid land lease payments	11	<b>255,662</b>	259,858
Mining rights of Zhangxi Mine and Lichuan Mine	9	<b>282,093</b>	282,093
Investment in an associate		<b>279,789</b>	279,814
		<b>1,018,257</b>	1,062,115

The Group's secured bank and other borrowings of approximately RMB349,426,000 as at 30 June 2020 (31 December 2019: RMB367,276,000) were also jointly guaranteed by the Company's Director, Ms. Wu Jing and her spouse Mr. Leung Ka Kit.

- (b) The Group's bank loans of approximately RMB9,188,000 as at 30 June 2020 (31 December 2019: RMB9,188,000) were guaranteed by two independent third parties, Xiamen Siming Technique Financial Guarantee Co., Ltd, and Ji'an Jiluling Financing Guarantee Co., Ltd, with guarantee charges of RMB80,000 and RMB47,000 respectively.

The Group's bank loans of approximately RMB18,374,000 as at 30 June 2020 (31 December 2019: RMB22,668,000) were guaranteed by the Director, Mr. Gu Weiwen, and management members, Mr. Jiang Shikui and Ms. Chen Jianping. Bank loans of RMB10,000,000 (31 December 2019: RMB10,000,000) were guaranteed by Yongfeng Country Industrial Park Management Committee at nil consideration.

- (c) The Group's other borrowings of approximately RMB107,078,000 as at 30 June 2020 (31 December 2019: RMB54,450,000) were borrowed from several independent third party individuals and bore interest at fixed rates ranging from 5% to 21.6% (31 December 2019: 5% to 27%) per annum.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 16. DEFERRED INCOME

	RMB'000
Government grant	
At 1 January 2020 (Audited)	<b>4,850</b>
Additions during the period	<b>3,549</b>
Released to profit or loss	<b>(105)</b>
At 30 June 2020 (unaudited)	<b>8,294</b>

Deferred income represents government grants received by Jueshi Mining and Jiangxi Keyue in respect of farmland occupation tax paid and environmental infrastructure to be invested respectively. The 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. In respect of the environmental infrastructure to be invested, the grant will be recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate.

## 17. DISCONTINUED OPERATION

Pursuant to the investment committee resolution dated 12 December 2019, the Group has decided to dispose of its warehousing logistics business (the **"Disposal Group"**) because it plans to focus its resources on its mining operations. Management has been in active discussions with the potential buyers for the proposed sale since December 2019. Since 31 December 2019, final negotiation for the sale were in progress and the Disposal Group was classified as a disposal group held for sale. With the Disposal Group being classified as a discontinued operation, the warehousing logistics business are no longer included for operating segment information.

The results of the Disposal Group for the period are presented below:

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue	<b>1,598</b>	39
Cost of sales	<b>(1,758)</b>	(1,593)
Gross loss	<b>(160)</b>	(1,554)
Administrative expenses	<b>(682)</b>	(718)
Other expenses	<b>(18)</b>	(36)
Loss before tax from a discontinued operation	<b>(860)</b>	(2,308)
Income tax credit	<b>149</b>	147
Loss for the period from a discontinued operation	<b>(711)</b>	(2,161)

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 17. DISCONTINUED OPERATION (CONTINUED)

The major classes of assets and liabilities of the Disposal Group classified as held for sale as at 30 June 2020 are as follows:

	<b>30 June 2020</b>	31 December 2019
	<b>RMB'000 (Unaudited)</b>	RMB'000 (Audited)
<b>Assets</b>		
Right-of-use assets	<b>60,698</b>	61,403
Property, plant and equipment	<b>41,028</b>	42,213
Prepayments, other receivables and other assets	<b>527</b>	505
Trade receivables	<b>406</b>	177
Cash and bank balances	<b>–</b>	23
Assets classified as held for sale	<b>102,659</b>	104,321
<b>Liabilities</b>		
Deferred tax liabilities	<b>(9,246)</b>	(9,395)
Other payables and accruals	<b>(1,297)</b>	(1,863)
Contract liabilities	<b>–</b>	(235)
Trade payables	<b>(46)</b>	(46)
Liabilities directly associated with the assets classified as held for sale	<b>(10,589)</b>	(11,539)
Net assets directly associated with the Disposal Group	<b>92,070</b>	92,782

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
Loss per share:		
— Basic and diluted from a discontinued operation	<b>RMB(0.0002)</b>	RMB(0.0007)

The calculations of basic and diluted loss per share from the discontinued operation are based on:

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
Loss attributable to ordinary equity holders of the parent from the discontinued operation	<b>RMB(711,000)</b>	RMB(2,161,000)
Weighted average number of ordinary shares in issue during the period used in the basic loss (note 8)	<b>3,196,033,498</b>	2,759,288,669

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 18. 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 2020 (Audited)	(a)	0.555	260,383,400
Expired during the period	(b)	0.854	(89,333,400)
As at 30 June 2020 (Unaudited)		0.399	171,050,000

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) During the six months ended 30 June 2020, 89,333,400 share options expired without being exercised, which were granted on 4 January 2018 at an exercise price of HK\$0.854 per share.

## 19. DIVIDENDS

At a meeting of the Board held on 31 August 2020, the Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

## 20. COMMITMENTS

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

	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
Contracted, but not provided for:		
— Plant and equipment	78,455	95,938
	<b>78,455</b>	95,938

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 21. RELATED PARTY TRANSACTIONS

- (a) As at 30 June 2020, the Group had obtained bank and other borrowings aggregated to RMB349,426,000 (31 December 2019: RMB367,276,000), which were jointly guaranteed by Ms. Wu Jing and her spouse Mr. Leung Ka Kit with nil consideration.

As at 30 June 2020, bank loans of RMB18,374,000 (31 December 2019: 22,668,000) were guaranteed by the director Mr. Gu Wei Wen and Mr. Jiang Shi Kui and Ms. Chen Jianping with nil consideration.

### (b) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited) (Re-presented)
Basic salaries and other benefits	2,596	2,193
Pension scheme contributions	124	123
Total compensation paid to key management personnel	2,720	2,316

## 22. EVENTS AFTER THE REPORTING PERIOD

On 22 July 2020, the Group entered into a placing agreement with Kingkey Securities Group Limited, as a placing agent for the placing of, on a best effort basis, up to 450,000,000 new Shares at a placing price of HK\$0.09 per Share (the "Placing"). The Placing was completed on 3 August 2020 under which all the 450,000,000 placing shares were placed. The net proceeds from the Placing amounted to approximately HK\$40.0 million or RMB36.0 million is expected to be utilized (i) as to approximately RMB9.0 million for general working capital such as rentals, payroll of the Group and operating costs of the marble processing plant; (ii) as to approximately RMB27.0 million for repayment of debts and the related interest costs of the Group.

## 23. 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 31 August 2020.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### General

In the first half of 2020, the sudden outbreak of COVID-19 pandemic created a huge impact on the PRC economy. The global economy was even plunged to a recession since then with no concrete sign of recovery trend at the date of this report. To fight against the epidemic, the PRC government implemented various prevention and control measures throughout the country including lockdowns and semi-lockdowns in different cities in various provinces. In order to support the local government's epidemic prevention and control measure and to protect the health and safety of our employees, we have intermittently suspended the operation of our production facilities and the sales offices in the PRC mainly in the first quarter of 2020. Although an orderly resumption of work and production was implemented subsequently, the Group's overall business operation in the first half of 2020 was inevitably affected to a certain extent.

### Marble and Mining Business

As affected by factors such as the suspension of construction work for the prevention and control of the epidemic and the slower resumption of work of construction workers, the pace of development of real estate developers has also been forced to slow down in the first half of 2020 particularly in the first quarter. The Group's marble business is part of the supply chain of the construction industry and thus its supply was also adversely affected in term of timing and demand during the period. Coupled with some suspensions of operation in the production facilities, the overall production and sales recorded a decline during the review period. Thanks to the increasing number of new stone saw machines and slabs grinding machines in our new production facilities being put into use after testing runs, the above adverse effect was mitigated by the progressive increase in production capability. As such, our sales of slabs remained steady in the period.

During the review period, managements of the Group's different mines have continued their work closely under the guidance 《關於加快建設綠色礦山的實施意見》 published by various central government bureaus and 《砂石行業綠色礦山建設規範》 issued by the PRC Ministry of Natural Resources in order to fulfill the required standard before renewed mining certificates can be officially issued or large-scale mining activities can be commenced. Substantial works at the site of our mines such as redesigning of marble block transportation and deposit yard arrangement, mine site and side slop plantation, mine site sewage treatment system and gravel treatment centre construction etc. have been completed or in progress. With the outbreak of COVID-19, some works were unavoidably behind schedule. With the resumption of work in different sites, the Group wish the excavation activity can be recommenced once the rectification and optimization works meet the standard laid down by the government authorities. In the meantime, we continued sourcing different types of marble blocks from other mines operators for processing into slabs to enrich our product line for sale before a full recommencement of excavation activity of our own mines.

Apart from the marble business, our marble downstream calcium carbonate business also faced a similar situation. Production plants and sales channels are also affected by COVID-19 pandemic that led to the suspension of operation for a similar period of time. Consequently, the quantity produced and sold during the Review Period was lower than normal. Having said that, the calcium carbonate business contributed an aggregate of approximately RMB16.5 million to the Group's revenue as compared to the post-acquisition revenue of approximately RMB13.1 million in the four-month period in prior year. The Group expects the contribution from the calcium carbonate shall be recovered as the impact of the epidemic diminishes.

### Commodities Trading Business

Apart from the impact of the COVID-19 pandemic, the deterioration of the China-US relationship following the trade war between these two giant economies has added tremendous uncertainties and risks to the business world. With such business climate in the period, the Group decided withholding any further commodities trading transactions until it is manageable to conduct such activities. As such, the Group does not record any revenue from this business segment during the Review Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Warehouse Logistics Business

In late December 2019, after reviewing the warehouse logistics segment's business environment and its operation performance, the Group decided to abandon this business segment so that the Group can better utilise the resources to its other business segments. Due to the outbreak of the COVID-19 pandemic, the negotiation for the disposal and the due diligent works being conducted by the potential buyer has experienced certain delay due to the lockdowns and travel restrictions. The related works were ongoing at the date of this report and the Group will update the progress in due course.

## Investment Properties

The Group owns eight properties which are classified as investment properties. Five of the properties are commercial properties whereas the other three are residential properties situated in luxury locations in Shanghai, the PRC. Taken into consideration on rapid growth of the PRC economy in the past few years and the increasing demand on luxury residence in tier one cities, the Group held the view in the past that the price of luxury residence market had been moving in an upward trend in the past years other than some minor up-and-down in response to the central government's macro adjustment policy. Despite the historical trend, the sudden outbreak of the COVID-19 pandemic that is still raging around the world with possible multiple waves infections has huge impact on different industries and different class of people. People's wealthiness became volatile and their wealth may shuffle post-pandemic. As such, the Group considered that there may be changes to the historical growing trend of price of luxury residential properties. With the uncertainty on this luxury residence market, the Group commanded an impairment review on its investment properties portfolio. Based on the valuations, an impairment loss of approximately RMB36.7 million was recognized in the period. The Group will constantly review its investment strategy and, where appropriate, may adjust the strategy accordingly.

## 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

# MANAGEMENT DISCUSSION AND ANALYSIS

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 2020 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 did not have exploration, development and production activities.

## 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 Dejiang Mine has been approved by relevant authorities in 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 2020 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 2018
Expiration date	5 June 2020
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. The mining right fee was fully paid in 2019. The Group obtained a mining permit in 2013 with an initial term of five years from 5 February 2013 to 5 February 2018 and was further extended to 5 June 2020. The term of our mining permit can be extended up to 30 years from date of issue of the first mining permit on 5 February 2013 according to applicable PRC laws and regulations.

The following table summarizes the marble resources and reserves of our Yongfeng Mine, estimated as of 30 June 2020 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



# MANAGEMENT DISCUSSION AND ANALYSIS

The estimated resources and reserves of the Yongfeng Mine as of 30 June 2020 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 2020 and have been substantiated by Mr. NIE Zhiqiang, the vice president of Jueshi Mining, our wholly-owned subsidiary, who has over 25 years of experience in mining production (including exploration and extraction process). For details of the biographical information of Mr. NIE Zhiqiang, please refer to the prospectus of the Company dated 16 December 2013 (the "**Prospectus**").

The estimated resources and reserves of Yongfeng Mine as of both 30 September 2013 (as disclosed in the Prospectus) and 30 June 2020 (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 2020 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 China'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 has engaged a geological exploration service provider to perform a detail geological exploration on the proposed expanded site. The Group keeps monitoring the progress in respect of the renewal and consider that there is no material barrier for the Group to renew such mining license.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

The table below summarizes the marble resources of the existing site of Zhangxi Mine estimated as of 30 June 2020 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 2020 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### REVENUE

During the Review Period, the Group recorded an operating revenue of approximately RMB45.0 million from both of its continuing and discontinued operations, representing a decrease of 6.2% or approximately RMB3.0 million compared to the corresponding period of the previous year, mainly due to the drop in sales of marble products of RMB19.3 million in the Review Period, offset by new stream of the sales of calcium carbonate products by RMB16.5 million whereas none was recorded in the corresponding period in 2019 as the Group acquired this business in the second half of 2019. A decline in sales of marble products was recorded during the Review Period mainly due to the suspension and disruption of commercial activities across a number of cities in PRC for a certain period of time as a result of outbreak of COVID-19 pandemic 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					
	2020 (Unaudited)			2019 (Unaudited) (Re-presented)		
	RMB'000	%	Gross profit/(loss) margin %	RMB'000	%	Gross profit/(loss) margin %
Marble blocks	1,748	3.9	54.3	21,047	43.9	57.5
One-side-polished slabs	25,122	55.8	29.0	24,303	50.7	32.6
Cut-to-size slabs	-	-	-	2,560	5.3	12.1
Calcium carbonate products	16,514	36.7	23.7	-	-	-
Commodity trading	-	-	-	-	-	-
Revenue from continuing operations	43,384	96.4	28.0	47,910	99.9	42.5
Logistics services	1,598	3.6	(10.0)	39	0.1	(3,900.7)
Revenue from a discontinued operation	1,598	3.6	(10.0)	39	0.1	(3,900.7)
Total	44,982	100	26.6	47,949	100	39.2

# MANAGEMENT DISCUSSION AND ANALYSIS

## (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, cut-to-size slabs and calcium carbonate products:

	For the six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Sales volume		
Marble blocks (m <sup>3</sup> )	623	6,969
One-side-polished slabs (m <sup>2</sup> )	217,216	220,929
Cut-to-size slabs (m <sup>2</sup> )	–	16,842
Calcium carbonate products (Ton)	46,567	–
Average selling price		
Marble blocks (RMB/m <sup>3</sup> )	2,806	3,020
One-side-polished slabs (RMB/m <sup>2</sup> )	116	110
Cut-to-size slabs (RMB/m <sup>2</sup> )	–	152
Calcium carbonate products (RMB/Ton)	355	–

The unit selling price of marble blocks slightly decreased by approximately 7.1% comparing to that of the corresponding period of 2019.

The unit selling price of one-side-polished slabs increased by approximately 5.45% comparing to that of the corresponding period of 2019.

No sales of cut-to-size slabs were recorded during the review period and the unit selling price of calcium carbonate products was RMB355 per ton for the six months ended 30 June 2020 which was slightly lower than that in 2019 of RMB361 per ton.

## COST OF SALES

In the Review Period, the Group's cost of sales from continuing operations amounted to approximately RMB31.2 million, including the cost of marble products of RMB18.6 million, which represented approximately 60% of the total cost of sale from continuing operations. The cost of sale from discontinued operation was approximately RMB1.8 million. In spite of drop in sales during the review period as compared to that of 2019, the cost of sales increased due to the inclusion in the sales mix of the Review Period the sales of calcium carbonate products that have higher average costs of production than marble stone products as in the corresponding period of last year.

## GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit of the Group from continuing operations in the Review Period decreased by approximately RMB8.2 million as compared to that of corresponding period of 2019. The gross profit margin in the Review Period was approximately 28.0%, while the gross profit margin in corresponding period of 2019 was approximately 42.5%. The gross profit margin of the sales of the Group in the Review Period dropped as compared to that of 2019 is mainly attributable to the decline of the sale of marble products which has higher gross profit margin, mitigated by the new-comer of the sales mix, calcium carbonate products, which has lower gross profit margin.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OTHER INCOME AND GAINS

Other income and gains were 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 RMB3.3 million and RMB1.3 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 RMB3.5 million, representing approximately 8.2% of the revenue in the Review Period, while the selling and distribution expenses of RMB1.5 million in the corresponding period in 2019 accounted for approximately 3.1% of the revenue in the corresponding period in 2019. The selling and distribution expenses in the Review Period were increased by approximately RMB2 million due to higher transportation cost being incurred in calcium carbonate products.

## ADMINISTRATIVE EXPENSES

Administrative expenses amounted to approximately RMB23.5 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 RMB19.4 million, accounting for approximately 54.1% of the revenue in the Review Period. The overall administrative expenses were RMB25.5 million in the corresponding period in 2019, accounting for approximately 53.3% of the revenue for the corresponding period in 2019. The overall administrative expenses in the Review Period were decreased by RMB2.1 million compared to that of the corresponding period as an effort of cost-control.

## FINANCE COSTS

Finance costs mainly included interests on bank loans and other borrowings. The finance costs increased by RMB2.5 million from RMB21.9 million in the corresponding period in 2019 to approximately RMB24.4 million mainly due to the increase in overall borrowings during the Review Period.

## IMPAIRMENT LOSSES

As a consequence of the outbreak of COVID-19 pandemic and the intensified China-US relationship which led to a deteriorated business environment, the Group conducted impairment reviews on the investment properties and its trade receivables. Based on the reviews, impairment losses of RMB36.7 million and RMB13.4 million were recognised in respect of investment properties and trade receivable respectively.

## 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 2020, the total number of full-time employees of the Group was 163 (as at 30 June 2019: 110). Total employee costs (including the directors' remunerations) amounted to approximately RMB7.1 million for the Review Period (for the six months ended 30 June 2019: approximately RMB7.0 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 slight increase 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## INCOME TAX EXPENSE

Income tax expense decreased by approximately RMB0.15 million for the six months ended 30 June 2020.

## 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 RMB92.3 million compared to net loss of RMB28.8 million for the corresponding period in 2019. 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 finance costs and (iii) increase in impairment losses on investment properties and trade receivables during the Review Period.

## NET CURRENT ASSETS

As at ended 30 June 2020, the Group has net current assets of approximately RMB59.0 million (31 December 2019: the net current assets of the Group was approximately RMB83.3 million).

## CURRENT RATIO

The current ratio, being current assets over current liabilities, was 1.17 as at 30 June 2020 (31 December 2019: 1.21). The current ratio dropped slightly during the Review Period.

## BORROWINGS

As at 30 June 2020, the Group had total borrowings of approximately RMB508.2 million (31 December 2019: RMB477.8 million). During the Review Period, the net amount increased in borrowings is approximately RMB30.4 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 2020, the gearing ratio was approximately 24.1% (31 December 2019: approximately 21.5%).

## CAPITAL STRUCTURE

The Company has 3,360,697,729 ordinary shares in issue as at 30 June 2020.

As disclosed in the announcements dated 12 May 2020 and 27 May 2020, the Company issued 203,870,000 new Shares at the price of HK\$0.09 per subscription share. The net proceeds from the subscription amounted to approximately HK\$18.3 million, equivalent to approximately RMB16.6 million.

As far as the intended use of proceeds is concerned, approximately RMB8.4 million was used for construction works relating to the office building and dormitory etc. of the Group's processing facility in the PRC; approximately RMB3.3 million for sewage treatment facilities in the PRC; approximately RMB2.4 million for working capital related to recommencement of mining activities; and approximately RMB2.5 million for administration expenses such as payroll and rentals etc.

Up to 30 June 2020, the proceeds were used as intended except for only approximately RMB1.3 million was used for the sewage treatment facilities in PRC; and only approximately RMB1.1 million was used for the working capital related to recommencement of mining activities due to the delay in work progress and only approximately RMB1.8 million was used for administration expenses. The unused proceeds was expected to be utilized as originally planned in due course.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 amount to RMB19.9 million.

## MAJOR ACQUISITION AND DISPOSAL OF ASSETS AND MERGER AND SUBSTANTIAL INVESTMENT

Save for the ongoing disposal of the Group's warehousing logistics business as detailed in note 17 to the interim condensed consolidated financial information, the Group had no other significant investments or material disposal of subsidiaries and associated companies during the Review Period.

## FOREIGN EXCHANGE EXPOSURE

The Group's businesses are located in Mainland China and most of the transactions were denominated in RMB, except for certain 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 2020, the Group pledged property, plant and equipment of approximately RMB34.6 million; investment properties of approximately RMB166.2 million; prepaid land lease payments of approximately RMB255.7 million, mining rights of RMB282.1 million and interest in associate of RMB279.8 million to secured the bank and other borrowings.

## IMPORTANT EVENTS OCCURRED AFTER REVIEW PERIOD

On 22 July 2020, the Group entered into a placing agreement with Kingkey Securities Group Limited, as a placing agent for the placing of, on a best effort basis, up to 450,000,000 new Shares at a placing price of HK\$0.09 per Share (the "**Placing**"). The Placing was completed on 3 August 2020 under which all the 450,000,000 placing shares were placed. The net proceeds from the Placing amounted to approximately HK\$40.0 million or RMB36.0 million is expected to be utilized (i) as to approximately RMB9.0 million for general working capital such as rentals, payroll of the Group and operating costs of the marble processing plant; (ii) as to approximately RMB27.0 million for repayment of debts and the related interest costs of the Group.

## OUTLOOK

Looking forward to the future, there are still uncertainties and challenges in the PRC and the global economy. The Group believe the influence of the pandemic to the operation of the Group will be diminishing given the effectiveness of the PRC government's afford in dealing with the epidemic. Nevertheless, the increasing tension between China and US and the trade war between them remain a concern to the business world. The Group will keep monitoring the development of COVID-19 and assessing the impact of the pandemic on the Group's financial position and operating results and adopt its business plans in response to the ever-changing business environment. Meanwhile, the Group will continue identifying any project or business which is beneficial to the Group and its shareholders as a whole.

# OTHER INFORMATION

## SHARE 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 2019, the Company had 260,383,400 shares options outstanding under the Share Option Scheme. During the Review Period and up to 30 June 2020, 89,333,400 share options expired without being exercised. The remaining balance of 171,050,000 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 2020, 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	Beneficial Owner	97,000(L)	0.003%
Mr. Zhang Jian	Beneficial Owner	22,000,000(L)	0.655%
Mr. Gu Zengcai	Beneficial Owner	1,800,000(L)	0.054%
Ms. Lung Yuet Kwan	Beneficial Owner	1,800,000(L)	0.054%
Mr. Hui Yat On	Beneficial Owner	1,800,000(L)	0.054%

Note:

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



# OTHER INFORMATION

Save as disclosed above, as at 30 June 2020, 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 2020, the interests or short positions of the 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
Tong Sui Lun Franco	Beneficial Owner	203,870,000(L)	6.07%

Note:

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

## 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 2020 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.

# OTHER INFORMATION

## NON-COMPLIANCE WITH LISTING RULES

As disclosed in the Company's announcement dated 21 April 2020, following the resignation of a former independent non-Executive Director, Ms. Zhang Xiaohan ("**Ms. Zhang**") with effect from 21 April 2020, the Company fails to meet the requirements of (i) having at least three independent non-executive Directors under Rule 3.10(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and (ii) the Audit Committee comprising only non-executive directors with a minimum of three members under Rule 3.21 of the Listing Rules.

On 20 July 2020, Mr. Zhai Feiquan ("**Mr. Zhai**") was appointed as an independent non-executive Director, a member of each of the audit committee (the "**Audit Committee**") and the nomination committee (the "**Nomination Committee**") of the Board with effect from the even date which was within the three-month period from the date of Ms. Zhang's resignation as required under Rules 3.11 and 3.23 of the Listing Rules.

Upon the appointment of Mr. Zhai became effective on 20 July 2020 as an independent non-executive Director and a member of each of the Audit Committee and the Nomination Committee, the Company has re-complied with (i) the requirements of the above Listing Rules and (ii) met the terms of reference and procedures of the Company's Nomination Committee regarding having a minimum of three members.

## 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

Upon specific enquiry by the Company and confirmations from Directors, 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.

## 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), Mr. HUI Yat On and Mr. ZHAI Feiquan. The Audit Committee has adopted the terms of reference in compliance with the CG Code.

The Audit Committee has in conjunction with the management of the Company reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters 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.

# OTHER INFORMATION

## APPRECIATION

On behalf of the board, I would like to extend my sincere gratitude to all our staff for their contribution and dedication, and to our shareholders, investors, partners and clients for their trust and continuing support.

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

Hong Kong, 31 August 2020

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