



®

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

2024

INTERIM REPORT

CONTENTS

Corporate Information	02
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	04
Interim Condensed Consolidated Statement of Financial Position	06
Interim Condensed Consolidated Statement of Changes in Equity	08
Interim Condensed Consolidated Statement of Cash Flows	09
Notes to the Interim Condensed Consolidated Financial Information	10
Management Discussion and Analysis	25
Other Information	34

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Mr. GU Weiwen (*Vice Chairman*)

Mr. ZHANG Jian

Mr. WAN Jian

Non-executive Director

Mr. GU Zengcai

Independent Non-executive Directors

Ms. LUNG Yuet Kwan

Mr. HUI Yat On

Mr. ZHAI Feiquan

AUTHORISED REPRESENTATIVES

Ms. WU Jing

Mr. GU Weiwen

AUDIT COMMITTEE

Ms. LUNG Yuet Kwan (*Chairman*)

Mr. HUI Yat On

Mr. ZHAI Feiquan

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

INVESTMENT COMMITTEE

Ms. WU Jing (*Chairman*)

Mr. GU Weiwen

Mr. HUI Yat On

COMPANY SECRETARY

Mr. ZHAO Zhipeng

REGISTERED OFFICE

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

New Material Industrial Park

Teng Tian Town

Yongfeng County

Ji'an City

Jiangxi Province, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1302, 13/F

Golden Centre

188 Des Voeux Road Central

Hong Kong

AUDITORS

Elite Partners CPA Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH 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

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 Peddar Street
Central
Hong Kong

STOCK CODE

3313

WEBSITE

www.artgo.cn

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

For the six months ended 30 June 2024

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 condensed financial information of the Company for the six months ended 30 June 2024 (“Review Period”). The Company’s interim results for the Review Period have been reviewed and approved by the audit committee under the Board (“Audit Committee”) and have been approved by the Board on 30 August 2024.

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	3	27,805	31,108
Cost of sales		(20,259)	(23,366)
Gross profit		7,546	7,742
Other income and gains	4	10,039	1,931
Selling and distribution expenses		(3,842)	(3,930)
Administrative expenses		(26,935)	(22,286)
Other expenses		(429)	(3,113)
Impairment loss on trade and bills receivables	11	(2,454)	(7,910)
Impairment loss on other receivables		(265)	–
Finance costs	5	(7,402)	(10,231)
Share of losses of associates		(460)	(797)
LOSS BEFORE TAX	6	(24,202)	(38,594)
Income tax	7	(341)	(1,832)
LOSS FOR THE PERIOD		(24,543)	(40,426)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:	8		(Restated)
— Basic and diluted			
— For loss for the period		(RMB0.025)	(RMB0.150)

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

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss for the period attributable to:			
Owners of the Company		(24,526)	(40,384)
Non-controlling interests		(17)	(42)
		(24,543)	(40,426)
Loss for the period		(24,543)	(40,426)
Other comprehensive loss			
<i>Items that will not be classified to profit or loss:</i>			
Exchange difference arising on translation to presentation currency		–	–
Total comprehensive loss for the period		(24,543)	(40,426)
Total comprehensive loss attributable to:			
Owners of the Company		(24,526)	(40,384)
Non-controlling interests		(17)	(42)
		(24,543)	(40,426)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	414,776	421,070
Investment properties	9	18,345	18,586
Right-of-use assets		266,192	271,357
Intangible assets		314,519	314,519
Prepayments, deposits and other receivables	10	3,904	4,009
Investments in associates		38,692	39,152
Deferred tax assets		206	156
Total non-current assets		1,056,634	1,068,849
CURRENT ASSETS			
Inventories		19,220	18,784
Trade and bills receivables	11	26,013	24,946
Prepayments, deposits and other receivables	10	118,911	122,135
Restricted deposits		639	639
Cash and bank balances		6,976	100,956
Total current assets		171,759	267,460
CURRENT LIABILITIES			
Trade payables	12	22,414	21,133
Contract liabilities		11,299	5,920
Other payables and accruals	13	54,765	55,639
Tax payables		23,346	23,994
Lease liabilities		1,017	964
Interest-bearing bank and other borrowings	14	58,550	63,300
Total current liabilities		171,391	170,950
NET CURRENT ASSETS		368	96,510
TOTAL ASSETS LESS CURRENT LIABILITIES		1,057,002	1,165,359

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	14	178,620	274,510
Deferred tax liabilities		9,261	8,984
Deferred income	15	3,904	4,009
Lease liabilities		87	588
Provision for rehabilitation		21,247	20,608
Total non-current liabilities		213,119	308,699
Net assets		843,883	856,660
EQUITY			
Equity attributable to owners of the Company			
Issued capital		177,769	166,551
Reserves		572,530	597,056
		750,299	763,607
Non-controlling interests		93,584	93,053
Total equity		843,883	856,660

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

STATEMENT OF CHANGES IN EQUITY OF SHAREHOLDERS										
	Issued capital	Share premium account	Statutory surplus reserve	Safety fund surplus reserve	Difference arising from acquisition of non-controlling interests	Contributed surplus	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
At 1 January 2023 (Audited)	44,935	2,084,679	19,676	(128)	(19,048)	26,636	(1,120,146)	1,036,604	93,142	1,129,746
Loss and total comprehensive loss for the period	-	-	-	-	-	-	(40,384)	(40,384)	(42)	(40,426)
Issue of new shares	8,314	3,326	-	-	-	-	-	11,640	-	11,640
At 30 June 2023 (Unaudited)	53,249	2,088,005	19,676	(128)	(19,048)	26,636	(1,160,530)	1,007,860	93,100	1,100,960
At 1 January 2024 (Audited)	166,551	2,086,209	18,610	870	(19,048)	26,636	(1,516,221)	763,607	93,053	856,660
Loss and total comprehensive loss for the period	-	-	-	-	-	-	(24,526)	(24,526)	(17)	(24,543)
Issue of new shares	11,218	-	-	-	-	-	-	11,218	-	11,218
Disposal of subsidiaries	-	-	-	-	-	-	-	-	548	548
At 30 June 2024 (Unaudited)	177,769	2,086,209	18,610	870	(19,048)	26,636	(1,540,747)	750,299	93,584	843,883

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Net cash flows used in operating activities	(10,116)	(39,383)
Net cash flows (used in)/generated from investing activities	(3,193)	102
Net cash flows (used in)/generated from financing activities	(80,671)	29,653
NET DECREASE IN CASH AND CASH EQUIVALENTS	(93,980)	(9,628)
Cash and cash equivalents at the beginning of the period	100,956	15,762
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6,976	6,134
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash on hand and cash at banks as stated in the statement of financial position	6,976	6,134
Cash and cash equivalents	6,976	6,134

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 Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is located at Unit 1302, 13/F., Golden Centre, 188 Des Voeux Road Central, Hong Kong.

During the Review Period, the Group was principally engaged in the business of mining, processing, trading and sale of marble stones, calcium carbonate products and warehousing and logistics services.

2.1 BASIS OF PREPARATION

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

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this unaudited interim condensed financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

2.3 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

In preparing this unaudited interim condensed financial information, the Group adopted the following new or revised standards, amendments and interpretations which are effective as of 1 January 2024 and relevant to the operations of the Group:

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.

Amendments to IFRS 16

Amendments to IAS 1

Amendments to IAS 1

Amendments to IAS 7 and IFRS 7

Lease Liability in a Sale and Leaseback

Classification of Liabilities as Current or Non-current

Non-current Liabilities with Covenants

Supplier Finance Arrangement

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 carbonate products 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			
	2024		2023	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Marble stone products	–	–	2,560	8.2
Calcium carbonate products	26,856	96.6	28,312	91.0
Revenue from segment of marble products	26,856	96.6	30,872	99.2
Logistics and warehousing services	949	3.4	236	0.8
Total	27,805	100.0	31,108	100.0

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 2024		
	Marble products	Others	Total
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
SEGMENT REVENUE	26,856	949	27,805
Segment results	(14,112)	(1,076)	(15,188)
<i>Reconciliation:</i>			
Interest income			278
Foreign currency loss, net			(6)
Finance costs (other than interest on lease liabilities)			(7,363)
Corporate and other unallocated expenses			(1,923)
Loss before tax			(24,202)

	For the six months ended 30 June 2023		
	Marble products	Others	Total
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
SEGMENT REVENUE	30,872	236	31,108
Segment results	(18,791)	(1,792)	(20,583)
<i>Reconciliation:</i>			
Interest income			7
Foreign currency loss, net			(676)
Finance costs (other than interest on lease liabilities)			(10,196)
Corporate and other unallocated expenses			(7,146)
Loss before tax			(38,594)

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	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Domestic*:		
Mainland China	27,805	31,108
	27,805	31,108

* Place of domicile of the Group's principal subsidiaries, Jiangxi Jueshi (Yongfeng) Mining Co., Ltd. ("**Jueshi Mining**"), ArtGo Stone (Jiangxi) Co., Ltd. ("**ArtGo Stone**"), Shanghai Junding Industrial Co., Ltd. ("**Shanghai Junding**"), ArtGo (Xuyi) Co. Ltd. ("**ArtGo Xuyi**"), 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	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Customer A	4,347	3,836
Customer B	N/A*	4,137
Customer C	6,859	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Bank interest income (note 6)	278	7
Government subsidy	1,583	1,806
Waiver of loan principals and interest from loan restructuring	8,071	–
Deferred income released to profit or loss	105	105
Miscellaneous	2	13
	10,039	1,931

5. FINANCE COSTS

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest on bank loans	1,310	966
Unwinding of discount on rehabilitation	639	619
Interest on other borrowings	5,414	8,611
Interest on lease liabilities	39	35
	7,402	10,231

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of inventories sold	19,492	23,366
Employee benefit expense (including directors' and chief executive's remuneration)		
— Salary, wages and other benefits	7,586	6,800
— Equity-settled share option expense (note 17)	—	—
Depreciation of property, plant and equipment	7,994	7,911
Depreciation of investment properties	241	803
Amortisation of intangible assets	—	5
Depreciation of right-of-use assets	4,799	4,675
Lease payments not included in the measurement of lease liabilities	126	50
Impairment losses recognised in trade and bills receivables (note 11)	2,454	7,910
Impairment losses recognised in other receivables	265	—
Loss on disposal of subsidiaries (note 18)	157	—
Foreign exchange losses, net	6	676
Bank interest income (note 4)	(278)	(7)

7. INCOME TAX

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current — Mainland China		
Charged for period	114	64
Underprovision in prior year	—	1,798
Deferred	227	(30)
Total tax expense for the Review Period	341	1,832

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 RMB24,526,000 (six months ended 30 June 2023: loss of RMB40,426,000) and the weighted average number of ordinary shares of 975,386,273 (six months ended 30 June 2023: 269,069,857* restated) in issue during the Review Period.

The computations of diluted loss per share for the six months ended 30 June 2024 do not assume the exercise of the Company's share options as they would reduce loss per share.

The diluted loss per share for the six months ended 30 June 2023 was the same as basic loss per share as there were no potential outstanding shares.

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

9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment with a cost of RMB1,700,000 (six months ended 30 June 2023: RMB40,000).

Items of property, plant and equipment with net carrying amount of RMBNil (six months ended 30 June 2023: RMB333,000) were disposed of during the six months ended 30 June 2024.

Investment properties

During the six months ended 30 June 2024 and 30 June 2023, there were no completed transactions of addition and disposal of investment properties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<i>Current portion:</i>			
Prepayments in respect of:			
— Purchase of industrial goods		20,804	23,188
— Purchase of materials and supplies		11,584	12,426
— Service fee		6,666	3,895
Escrow funds	(a)	201	201
Performance security		8	8
Deductible input value-added tax		1,381	1,127
Deposits		2,300	2,031
Disposal of property, plant and equipment		27,200	30,000
Due from associates	(b)	108	51
Due from former subsidiaries		56,100	56,100
Other receivables		2,553	2,837
		128,905	131,864
Impairment allowance		(9,994)	(9,729)
		118,911	122,135
<i>Non-current portion:</i>			
Prepayments in respect of			
— Cultivated land used compensation	(c)	3,904	4,009
		3,904	4,009

Notes:

- (a) The balance represents deposit made to Xuyi County Housing Bureau, which was held in escrow for the payment related to the construction of Xuyi Logistics Park.
- (b) The amount due from associates are unsecured, interest free and no fixed repayment terms.
- (c) 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. TRADE AND BILLS RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade and bills receivables	89,552	86,031
Allowance for credit losses	(63,539)	(61,085)
	26,013	24,946

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 and bills 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 and bills receivable balances. Trade and bills receivables are non-interest-bearing and unsecured.

An ageing analysis of the trade and bills receivables as at 30 June 2024 and 31 December 2023, based on the invoice date and net of loss allowance, is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 month	20,951	19,156
1 to 3 months	1,955	3,053
3 to 6 months	1,954	2,291
6 to 12 months	1,153	446
Over 1 year	–	–
	26,013	24,946

The movement in the loss allowance for impairment of trade and bills receivables is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
At beginning of year	61,085	55,884
Release from disposal of subsidiary	–	(12,974)
Impairment losses provided (note 6)	2,454	18,175
At end of year	63,539	61,085

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

12. TRADE PAYABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables	22,414	21,133

An ageing analysis of the trade payable as at 30 June 2024 and 31 December 2023, based on the invoice date is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 month	3,586	3,831
1 to 2 months	1,481	1,766
2 to 3 months	1,501	–
Over 3 months	15,846	15,536
	22,414	21,133

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

13. OTHER PAYABLES AND ACCRUALS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<i>Current portion:</i>		
Payables relating to:		
Taxes other than income tax	4,209	4,974
Professional fees	10,042	11,633
Payroll and welfare	16,597	15,525
Due to a director	1,336	138
Interest payables relating to:		
— Bank and other borrowings	18,825	16,962
— Purchase of mining right	3,707	3,707
Others	49	2,700
	54,765	55,639

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Bank loans:		
Secured	15,000	15,000
Unsecured	15,000	15,000
Guaranteed	19,850	19,900
	49,850	49,900
Effective interest rate per annum (%)	4.56–6.80	4.56–6.80
Other borrowings:		
Unsecured	187,320	287,910
	187,320	287,910
Effective interest rate per annum (%)	1.00–24.00	1.00–24.00
Analysed into:		
Bank loans repayable:		
Within one year	41,850	49,900
In the second year	–	–
In the third year	8,000	–
	49,850	49,900
Other borrowings repayable:		
Within one year	16,700	13,400
In the second year	33,288	38,588
In the third to fifth years, inclusive	137,332	235,922
	187,320	287,910
Total bank and other borrowings	237,170	337,810
Portion classified as current liabilities	(58,550)	(63,300)
Non-current portion	178,620	274,510

15. DEFERRED INCOME

	RMB'000
Government grant	
At 1 January 2024 (Audited)	4,009
Released to profit or loss	(105)
At 30 June 2024 (Unaudited)	3,904

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

16. SHARE CAPITAL

Shares

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Authorised:		
1,500,000,000 ordinary shares of HK\$0.20 each (2023: 1,500,000,000 ordinary shares of HK\$0.20 each)	300,000	300,000
Issued and fully paid:		
987,594,625 ordinary shares of HK\$0.20 each (2023: 925,874,625 ordinary shares of HK\$0.20 each)	197,519	185,175
Equivalent to approximately	RMB177,769	RMB166,551

A summary of movements in the Company's share capital is as follows:

Issued share capital:

	Number of ordinary shares	Nominal value of ordinary shares RMB'000
At 1 January 2023	262,624,875	44,935
Issue of shares under share subscription (note a)	46,000,000	8,314
Issue of shares under rights issue (note b)	617,249,750	113,302
At 31 December 2023 (audited)	925,874,625	166,551
Issue of shares under share subscription (note c)	61,720,000	11,218
At 30 June 2024 (unaudited)	987,594,625	177,769

Note:

- During the six-months ended 30 June 2023, 46,000,000 new shares were issued under a Share Subscription Agreement at a consideration of RMB11,640,000 of which RMB8,314,000 was credited to the share capital and the balance RMB3,326,000 was credited to the share premium account.
- During the Year, the Company conducted a rights issue exercise by issuing 617,249,750 rights shares at the subscription price of HK\$0.20 per rights share on the basis of two rights shares for every one existing share of the Company held by the qualifying shareholders of the Company on the record date (the "Rights Issue"). The Rights Issue exercise was completed on 6 November 2023 with all rights shares being fully subscribed. The net proceeds from the Rights Issue was approximately HK\$121.15 million (equivalent to approximately RMB111.51 million). Particulars of this event was set out in the Company's prospectus dated 28 September 2023, Company's circular dated 25 August 2023 and the Company's announcements dated 28 July 2023, 4 August 2023, 14 September 2023 and 3 November 2023 respectively.
- During the six-months ended 30 June 2024, 61,720,000 new shares were issued under a Share Subscription Agreement at a consideration of RMB11,218,000 all of which was credited to the share capital and there was no remaining balance credited to the share premium account.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17. SHARE SCHEMES

The Company adopted a new share option scheme (the previous share option scheme expired on 8 December 2023) and a share award scheme (collectively, “**2024 Share Schemes**”) pursuant to ordinary resolutions approved by the Company’s shareholders in a general meeting on 19 January 2024. The purpose of the 2024 Share Schemes is to enable the Company to grant share options and/or share award to eligible participants as incentives or rewards for their contribution to the Group.

During the Review Period ended 30 June 2024, the Company did not grant any share option or share award to eligible directors and employees under the 2024 Share Schemes and there was no share option being exercised.

The Group did not recognise any equity-settled expense (30 June 2023: Nil) during the period ended 30 June 2024 in relation to share options or share award granted by the Company.

18. DISPOSAL OF SUBSIDIARIES

Disposal of Vigoroso Holdings Limited and its subsidiaries (“Vigoroso Group”)

On 30 June 2024, the Group disposed 100% equity interests in Vigoroso Group to an independent third party for an aggregate cash consideration of RMB100,000. Vigoroso Group was principally engaged in mining exploration, processing and sale of marble stones.

The cash flow and the carrying amount of the net assets of Vigoroso Group sold at the date of disposal were as follows:

	RMB’000
Other receivables	100
Right-of-use assets	366
Cash and bank balance	1,493
Other payables	(2,250)
Net liabilities disposed of	(291)
Non-controlling interest	548
Total	257
Loss on disposal	(157)
Consideration	100
Cash and bank balance disposal of and net cash outflow arising on disposal	(1,493)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

19. DIVIDENDS

At a meeting of the Board held on 30 August 2024, the Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

20. RELATED PARTY TRANSACTIONS

(a) At 30 June 2024, other loans of RMB3,500,000 (31 December 2023: RMB3,500,000) were granted by the Group's management members. Ms. Chen Jianping with her spouse Mr. Chou Lu.

(b) Balance with related parties

At 30 June 2024, the amounts due from associates were RMB108,000 (31 December 2023: RMB51,000).

At 30 June 2024, the amount due to a director (Ms. Wu Jing) was RMB1,336,000 (31 December 2023: RMB138,000).

(c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Basic salaries and other benefits	2,509	2,617
Equity-settled share option expense	–	–
Pension scheme contributions	189	210
Total compensation paid to key management personnel	2,698	2,827

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

21. EVENTS AFTER THE REPORTING PERIOD

On 29 April 2024, the Company has proposed a capital reduction and a share sub-division pursuant to which:

- (i) the issued share capital of the Company would be reduced by cancelling the paid up capital to the extent of HK\$0.19 on each of the issued Shares such that the par value of each issued Share would be reduced from HK\$0.20 to HK\$0.01 (the “**Capital Reduction**”); and
- (ii) immediately following the Capital Reduction, each of the authorised but unissued shares with a par value of HK\$0.20 each would be subdivided into twenty (20) new shares with a par value of HK\$0.01 each (the “**New Shares**”) (the “**Share Sub-division**”).

Each of the New Shares arising from the Capital Reduction and the Share Sub-division shall rank pari passu in all respects with each other in accordance with the Memorandum and Articles and have rights and privileges and be subject to the restrictions as contained in the Memorandum and Articles of Association of the Company. The Capital Reduction and the Share Sub-division have been effective on 31 July 2024.

For details, please refer to the Company’s announcements dated 29 April 2024, 28 June 2024 and 30 July 2024 respectively, and the Company’s circular dated 24 May 2024.

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 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

General

The first half of 2024 continued to be very tough and challenging. The PRC government has tried to implement some different policies and measures to stimulate the economic and to resolve the liquidity issues in the real estate sector but their ultimate effectiveness are still doubtful, and therefore, the economic recovery in the PRC in the first half of 2024 was weaker than what was originally expected. The uncertainty about China's economy was rising and it appeared that a lack of confidence in China's economic growth has been continually spreading. The much-anticipated solid growth in the post-coronavirus recovery did not materialize in 2023 as well as in the Review Period. To cope with the challenging environment, the Group continued to take a low-margin strategy to boost its sales and to improve its inventory turnover rate, and has been continuing its tightening credit policy to customers and enforcing its collection efforts on long-aged account, and at the same time, scaling down and restructuring its marble stone products operations (sale team, mining excavation and marble stone processing), slowing its capital expenditure, capital commitment, as well as payment in advance until the operating environment became more clear and stable.

Marble and Mining and Calcium Carbonate Business

The Group's marble stone products business is part of the supply chain of the real estate construction sector, which, to a large extent, has not been fully recovered from the pandemic (and so as the overall business of the Group). During the Review Period, property developers in China were still facing severe liquidity problems. As such, instead of developing new projects, most property developers were focusing on clearing up their inventory, seeking new refinancing opportunities and negotiating with existing creditors for debt restructuring. Under such circumstances, the management of the Group has been operating its business very cautiously during the Review Period. The Group did not record any revenue from marble stone products during the Review Period, whereas the revenue in last year's corresponding period was approximately RMB2.6 million. The decrease was mainly due to the very weak market demand from the real estate construction sector, and the scale-down and restructuring of marble stone products operations (sale team, mining excavation and marble stone processing) and tightening credit policy implemented by the Group.

Apart from the marble business, our marble downstream calcium carbonate business also faced a similar situation. Having said that, the calcium carbonate business contributed an aggregate of approximately RMB26.9 million to the Group's revenue as compared to RMB28.3 million in the corresponding period of last year.

Rejections Of Mining License Renewal Application

As stated in the Company's 2023 Annual Report, Lichuan Lotus Construction Material Co., Limited ("**Lotus Materials**"), a PRC subsidiary 80% owned by the Group, received a notification dated 19 March 2024 from the Natural Resources and Planning Bureau of Lichuan City ("**Lichuan Natural Resources Bureau**") in Hubei Province that Lichuan Natural Resources Bureau has decided to reject the application for the renewal of mining license of Lichuan Mine. Therefore, Lotus Material has to write off the mining right of Lichuan Mine, resulting in a loss of RMB165.5 million in the financial year ended 31 December 2023. The management of Lotus Material had sought legal opinion and tried to liaise with Lichuan Natural Resources Bureau to revoke their decision but was unsuccessful. The Group finally sold its equity interests in Lotus Materials for RMB100,000 in the Review Period.

As stated in the Company's 2023 Annual Report, Jiangxi Jueshi (Ji'an) Mining Co., Limited ("**Ji'an Mining**"), a PRC subsidiary wholly-owned by the Group, received a notification dated 18 March 2024 from the Natural Resources Bureau of Yongfeng County ("**Yongfeng Natural Resources Bureau**") in Jiangxi Province that Yongfeng Natural Resources Bureau has decided to reject the application for the renewal of mining license of Zhangxi Mine. Therefore, Ji'an Mining has to write off the mining right of Zhangxi Mine, resulting in a loss of RMB116.6 million in the financial year ended 31 December 2023. The management of Ji'an Mining had sought legal opinion and tried to liaise with Yongfeng Natural Resources Bureau to revoke their decision but was unsuccessful. The Group will seek potential buyer to acquire its equity interests in Ji'an Mining in the second half of 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Commodities Trading Business

The deterioration of the China-US relationship following the trade war between these two giant economies has added tremendous uncertainties and risks to the business world. With such business climate since from 2020, the Group decided withholding any further commodities trading transactions until it is manageable to conduct such activities. As such the Group did not record any revenue from this business segment during both the Review Period and the corresponding period in 2023.

Warehouse Logistics Business

In mid December 2019, after reviewing the warehouse logistics segment's business environment and its operation performance, the Group decided to abandon this business segment for the purpose of focusing more resources on the core business segment. Since then, the management has been in discussion with a potential buyer for disposing of the entire plant. Due to the outbreak of the COVID-19 pandemic, the negotiation for the disposal and the due diligent work conducted by the potential buyer have experienced certain delay. As at 31 December 2021, no legal binding agreement regarding the disposal was reached. The management was of view that, due to the unfavourable market conditions, there were uncertainties on reaching a final agreement of the disposal with the potential buyer. As such, the assets of the warehouse logistics business were no longer classified as assets held for sale since 31 December 2021.

In the fourth quarter of 2022, due to the economic uncertainties, the potential buyer decided not to continue the negotiation. In the Review Period, the Group's revenue from warehouse logistics segment amounted to approximately RMB0.95 million, representing 296% increase, as compared to approximately RMB0.24 million in the corresponding period in 2023. The Group remains committed in relation to the original disposal plan and will continue to seek other potential buyers. Further announcement(s) will be made if there is any progress.

RESOURCES AND RESERVES

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 kilometer
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.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table summarizes the marble resources of our Dejiang Mine, estimated as of 30 June 2024 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.

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 1.3341 square kilometer
Issuance date	5 June 2020
Expiration date	5 June 2030
Permitted production volume	1,100,000 cubic meters per annum

The Jiangxi Province Bureau of Land and Resources assessed a mining right fee of RMB55.8 million for a period of 30 years. The mining right fee was fully paid in 2019. We obtained a mining permit 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 can be extended up to 30 years from the date of issue of the first mining permit on 5 February 2013 according to applicable PRC laws and regulations. In 2020, we obtained the renewed official mining permit with a valid period of 10 years from 5 June 2020 to 5 June 2030. The annual permitted production volume was expanded from 0.25 million cubic meters to 1.1 million cubic meters.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table summarizes the marble resources and reserves of our Yongfeng Mine, estimated as of 30 June 2024 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

Reserves	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 2024 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 2024.

The estimated resources and reserves of Yongfeng Mine as of both 30 September 2013 (as disclosed in the Prospectus) and 30 June 2024 (as disclosed above) 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 2024 were identical.

The Group did not have exploration, development and production activities for Yongfeng Mine in the Review Period (2023: 230 cubic meters).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the Review Period, the Group recorded an operating revenue of approximately RMB27.8 million, representing a decrease of 10.6% or approximately RMB3.3 million compared to the corresponding period of the previous year. The sales of calcium carbonate products contributes 96.6% or approximately RMB26.9 million to the Group's total revenue.

Sales by product categories

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

	For the six months ended 30 June			
	2024 (Unaudited)		2023 (Unaudited)	
	RMB'000	%	RMB'000	%
Marble stone products	–	–	2,560	8.2
Calcium carbonate products	26,856	96.6	28,312	91.0
Revenue from segment marble products	26,856	96.6	30,872	99.2
Warehouse logistics	949	3.4	236	0.8
Total	27,805	100.0	31,108	100.0

COST OF SALES

In the Review Period, the Group's cost of sales amounted to approximately RMB20.3 million, including the cost of calcium carbonate products of RMB19.6 million, which represented approximately 96.5% of the total cost of sale. The proportion of the cost of sales of calcium carbonate products was in line with its proportion of revenue contributions.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit of the Group in the Review Period was approximately RMB7.5 million, decreased by approximately RMB0.2 million as compared to that of corresponding period of 2023. The gross profit margin in the Review Period was approximately 27.1%, while the gross profit margin in corresponding period of 2023 was approximately 24.9%. The overall gross profit margin of the sales of the Group in the Review Period improved slightly as compared to that of 2023 because the proportion of sales of calcium carbonate products (which is used to have higher gross profit margin than that of marble stone products) has increased from 91.0% to 96.6% in the Review Period as compared to that in the corresponding period in 2023.

OTHER INCOME AND GAINS

Other income and gains mainly attributable to one-off gain of approximately RMB8.1 million (2023: Nil) accounting for waiver of loan principals and interests from loan restructuring, and government subsidy of RMB1.6 million (2023: RMB1.8 million).

MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB3.8 million, representing approximately 13.8% of the revenue in the Review Period, while the selling and distribution expenses of RMB3.9 million in the corresponding period in 2023 accounted for approximately 12.6% of the revenue in the corresponding period of 2023. The selling and distribution expenses in the Review Period were slightly decreased by approximately RMB0.1 million.

ADMINISTRATIVE EXPENSES

Administrative expenses amounted to approximately RMB26.9 million, mainly comprised of salaries of administrative staff, office rental expense, consultant fees, other professional fee, depreciation of property, plant and equipment and amortization, accounting for approximately 96.9% of the revenue in the Review Period. The overall administrative expenses were RMB22.3 million in the corresponding period in 2023, accounting for approximately 71.6% of the revenue for the corresponding period in 2023. The overall administrative expenses in the Review Period were increased by RMB4.6 million compared to that of the corresponding period in 2023. Such increase was mainly due to (i) the temporary salary adjustment of a few of staff in the first half of 2023; and (ii) consultancy fee incurred in relation to the assessment and improvement of the Group's software system.

FINANCE COSTS

Finance costs mainly included interests on bank loans and other borrowings. The finance costs decreased by RMB2.8 million from RMB10.2 million in the corresponding period in 2023 to approximately RMB7.4 million mainly due to the decrease in overall loan level during the Review Period.

IMPAIRMENT LOSSES

In Review Period, the impairment losses on trade and bills receivables was approximately RMB2.5 million. In the corresponding period of 2023, the impairment losses on trade and bills receivables was RMB7.9 million. The decrease in impairment losses on trade and bill receivables by RMB5.4 million was mainly due to the relatively adverse business environments and severe liquidity problems of customers from the real estate construction sector in the first half of 2023.

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 2024, the total number of full-time employees of the Group was 204 (as at 30 June 2023: 205). Total employee costs (including the directors' remunerations, but excluding equity-settled share option expense) amounted to approximately RMB7.6 million for the Review Period (for the six months ended 30 June 2023: approximately RMB6.8 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 (excluding equity-settled share option expenses) had increased by approximately RMB0.8 million in the Review Period because of the temporary salary adjustment of a few staff in the first half of 2023. 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 RMB1.5 million for the six months ended 30 June 2024.

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 RMB24.5 million compared to net loss of RMB40.4 million for the corresponding period in 2023. The decrease in net loss are mainly due to the net effect of (i) decrease in finance costs; (ii) decrease in impairment loss on trade and bills receivables; (iii) increase in other income and gains; and (iv) increase in administrative expenses during the Review Period.

NET CURRENT ASSETS

As at 30 June 2024, the Group has net current assets of approximately RMB0.4 million (31 December 2023: the net current assets of the Group was approximately RMB96.5 million).

CURRENT RATIO

The current ratio, being current assets over current liabilities, was 1.0 as at 30 June 2024 (31 December 2023: 1.6). The decrease in current ratio was mainly due to the decrease of the cash and bank balances from RMB101.0 million as at 31 December 2023 to RMB7.0 million at the end of the Review Period.

BORROWINGS

As at 30 June 2024, the Group had total borrowings of approximately RMB237.2 million (31 December 2023: RMB337.8 million). During the Review Period, the net amount decreased in borrowings is approximately RMB100.6 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 2024, the gearing ratio was approximately 27.3% (31 December 2023: approximately 27.6%).

CAPITAL STRUCTURE

The Company has 987,594,625 ordinary shares in issue as at 30 June 2024.

During the Review Period, 61,720,000 new shares were issued by the Company at HK\$0.20 per share under a Share Subscription Agreement signed on 26 January 2024. Gross proceeds of HK\$12.34 million was received by the Company upon completion on 6 February 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

(i) Subscription of 61,720,000 new shares issued on 6 February 2024

As disclosed in the Company's announcements dated 26 January and 6 February 2024 respectively, it was expected that the net proceeds from the Share Subscription would be utilised for the repayment of part of the Group's current debt, where to the extent that any part of the net proceeds is not applied for such purpose, such proceeds are intended to be applied for general working capital of the Group and/or any investment opportunities in related business as identified by the Group from time to time.

The followings are the utilizations of the net proceeds from the Share Subscription from its completion on 6 February 2024 up to 30 June 2024:

	HK\$'million
Net proceeds	12.24
Repayment of loans and other payables	2.88
Salaries expenses	2.57
Professional fees	1.85
Daily operation expenses	3.05
Total of fund utilized up to 30 June 2024	10.35
Remaining unutilized balance as at 30 June 2024	1.89

The remaining unutilized balance is expected to be fully utilized in the second half of 2024.

(ii) Issue of 617,249,750 rights shares under the Rights Issue on 6 November 2023

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

The followings are the utilizations of the net proceeds from the Rights Issue from its completion on 6 November 2023 up to 30 June 2024:

Intended use	Planned use of proceeds HK\$ million	Utilization up to 31 December 2023 HK\$ million	Utilization in the Review Period HK\$ million	Balance up to 30 June 2024 HK\$ million
Repayment of loans and other payables	110.00	10.00	100.00	–
General working capital:				
— Salaries expenses	4.10	3.34	0.76	–
— Purchase of raw materials	4.10	–	4.10	–
— Professional fees	2.05	0.41	1.64	–
— Daily operation expenses.	0.90	0.23	0.67	–
Total	121.15	13.98	107.17	–

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 RMB1.7 million.

FOREIGN EXCHANGE EXPOSURE

The Group's businesses are located in Mainland China and most of the transactions were denominated in RMB, except for an amount due to the certain cash at banks 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 2024, the Group did not pledge any assets to secure the bank and other borrowings.

IMPORTANT EVENTS OCCURRED AFTER THE REVIEW PERIOD

On 29 April 2024, the Company has proposed a capital reduction and a share sub-division pursuant to which:

- (i) the issued share capital of the Company would be reduced by cancelling the paid up capital to the extent of HK\$0.19 on each of the issued Shares such that the par value of each issued Share would be reduced from HK\$0.20 to HK\$0.01 (the "**Capital Reduction**"); and
- (ii) immediately following the Capital Reduction, each of the authorised but unissued shares with a par value of HK\$0.20 each would be subdivided into twenty (20) new shares with a par value of HK\$0.01 each (the "**New Shares**") (the "**Share Sub-division**").

Each of the New Shares arising from the Capital Reduction and the Share Sub-division shall rank pari passu in all respects with each other in accordance with the Memorandum and Articles and have rights and privileges and be subject to the restrictions as contained in the Memorandum and Articles of Association of the Company. The Capital Reduction and the Share Sub-division have been effective on 31 July 2024.

For details, please refer to the Company's announcements dated 29 April 2024, 28 June 2024 and 30 July 2024 respectively, and the Company's circular dated 24 May 2024.

OUTLOOK

Looking forward to the future, there are still uncertainties and challenges in the PRC and the global economy, particularly, the increasing tension between China and US, and the war between Russia and Ukraine remaining a concern to the business world. The Group will keep monitoring the development of matters affecting the business of the Group and assessing the potential impact 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 and improving/reducing overall debt levels.

OTHER INFORMATION

SHARE SCHEMES

The Company adopted a new share option scheme (the **"2024 Share Option Scheme"**) (the previous share option scheme expired on 8 December 2023) and a share award scheme (the **"2024 Share Award Scheme"**) (collectively, **"2024 Share Schemes"**) pursuant to ordinary resolutions approved by the Company's shareholders in a general meeting on 19 January 2024. The purpose of the 2024 Share Schemes is to enable the Company to grant share options and/or share award to eligible participants as incentives or rewards for their contribution to the Group.

(i) Maximum number of Shares available for subscription under the 2024 Share Option Scheme

Subject to refreshment of the Scheme Mandate Limit, (i.e. 92,587,462 shares) the maximum number of Shares which may be allotted and issued in respect of all options to be granted under the 2024 Share Option Scheme, and all share options and all share awards to be granted under any other schemes must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date (i.e. 925,874,625 issued shares on 19 January 2024), unless the Company has obtained separate approval by shareholders of the Company in a general meeting.

(ii) Maximum number of Shares available for subscription under the 2024 Share Award Scheme

Subject to refreshment of the Scheme Mandate Limit, (i.e. 92,587,462 shares) the maximum number of new Shares which may be allotted and issued in respect of all Awards to be granted under the Share Award Scheme and all share options and share awards to be granted under any other schemes shall not in aggregate exceed 10% of the number of issued shares of the Company as at the Adoption Date (i.e. 925,874,625 issued shares on 19 January 2024), unless the Company has obtained separate approval by shareholders of the Company in a general meeting.

During the Review Period ended 30 June 2024, the Company did not grant any share option or share award to eligible directors and employees under the 2024 Share Schemes and there was no share option being exercised. There was no share options remained outstanding at the end of the 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 2024, 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
Wu Jing	Beneficial Owner	6,556,850 (L)	0.66%

Note:

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

Save as disclosed above, as at 30 June 2024, 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.

OTHER INFORMATION

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

As at 30 June 2024, interests or short positions 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
Casado Co., Limited	Beneficial Owner (Notes 2 and 3)	273,000,647 (L)	27.64%
Andes Global Investment Group Limited	Interest in Controlled Corporation (Notes 2 and 3)	273,000,647 (L)	27.64%
Andes Global Financial Investment Limited	Interest in Controlled Corporation (Notes 2 and 3)	273,000,647 (L)	27.64%
Yang Haobo	Interest in Controlled Corporation (Notes 2 and 3)	273,000,647 (L)	27.64%
Xu Xiaodong	Beneficial Owner	138,000,000 (L)	13.97%
Wu Hailong	Beneficial Owner	61,720,000 (L)	6.25%

Notes:

1. The letter "(L)" denotes long position in the shares.
2. These 273,000,647 shares are held by Casado Co., Limited, which is ultimately wholly owned by Yang Haobo. Accordingly, Yang Haobo was deemed to be interested in these 273,000,647 shares of the Company by virtue of the SFO.
3. Casado Co., Limited is wholly owned by Andes Global Financial Investment Limited, which in turn is wholly owned by Andes Global Investment Group Limited, which in turn is wholly owned by Yang Haobo.

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 2024 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.

OTHER INFORMATION

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

NON-COMPLIANCE WITH LISTING RULES

There was no non-compliance with Listing Rules during the Review Period ended 30 June 2024.

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.

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, 30 August 2024

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