ARTGO MINING HOLDINGS LIMITED
雅高礦業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03313)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

RESULTS HIGHLIGHTS

- The revenue of the Group for the six months ended 30 June 2014 amounted to approximately RMB219.1 million (for the six months ended 30 June 2013: approximately RMB37.0 million), representing an increase of around five times as compared with the corresponding period in 2013.
- The profit before tax of the Group for the six months ended 30 June 2014 amounted to approximately RMB102.3 million (for the six months ended 30 June 2013: loss before tax of approximately RMB3.5 million), representing an increase of approximately RMB105.8 million.
- The basic and diluted earnings per share attributable to ordinary equity holders of the Company for the six months ended 30 June 2014 amounted to RMB0.05.
- The Group commenced large-scale commercial production at the Yongfeng Mine in February 2013. The Group's net profit for the six months ended 30 June 2014 was approximately RMB72.6 million (for the six months ended 30 June 2013: net loss of approximately RMB6.9 million).

The board (the "**Board**") of directors (the "**Directors**") of ArtGo Mining Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the unaudited interim condensed financial information of the Company for the six months ended 30 June 2014 ("**Review Period**"). The Company's interim results for the Review Period have been reviewed by the audit committee under the Board ("**Audit Committee**") and have been approved by the Board on 28 August 2014.

FINANCIAL INFORMATION

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014

		For the six months ended 30 June	
		2014	2013
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	*(Unaudited)*
Revenue	3	**219,080**	37,032
Cost of sales		**(75,755)**	(18,879)
Gross profit		**143,325**	18,153
Other income and gains	4	**7,235**	3,587
Selling and distribution expenses		**(12,943)**	(12,509)
Administrative expenses		**(19,775)**	(10,746)
Other expenses		**(7,634)**	(143)
Finance costs	5	**(7,933)**	(1,877)
PROFIT/ (LOSS) BEFORE TAX	6	**102,275**	(3,535)
Income tax expense	7	**(29,682)**	(3,378)
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO THE OWNERS OF THE COMPANY FOR THE PERIOD		**72,593**	(6,913)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted	8	**RMB0.05**	N/A

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2014

	Notes	**30 June 2014** *RMB'000* *(Unaudited)*	31 December 2013 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	9	**44,476**	41,051
Intangible assets	9	**77,970**	77,206
Prepaid land lease payments	9	**13,167**	—
Prepayments, deposits and other other receivables	10	**16,529**	11,144
Payments in advance	10	**4,171**	11,168
Restricted deposits		**1,702**	1,702
Deferred tax assets	11	**7,223**	—
Total non-current assets		**165,238**	142,271
CURRENT ASSETS			
Inventories		**62,803**	60,973
Trade and bills receivables	12	**88,443**	15,706
Prepayments, deposits and other receivables	10	**18,226**	10,545
Due from a related party	13	**1,330**	197
Pledged deposits		**26,000**	—
Cash and bank balances		**882,074**	883,235
Total current assets		**1,078,876**	970,656
CURRENT LIABILITIES			
Trade and bills payables	14	**105,468**	22,967
Other payables and accruals		**44,105**	66,194
Tax payables		**31,188**	6,733
Interest-bearing bank loans	15	**89,000**	114,900
Due to a related party	13	**61**	71
Total current liabilities		**269,822**	210,865
NET CURRENT ASSETS		**809,054**	759,791
TOTAL ASSETS LESS CURRENT LIABILITIES		**974,292**	902,062

	Notes	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	11	**3,241**	3,196
Other payable		**18,600**	27,900
Deferred income	16	**6,005**	—
Provision for rehabilitation		**10,235**	9,906
Total non-current liabilities		**38,081**	41,002
Net assets		**936,211**	861,060
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**10,492**	10,492
Reserves		**925,719**	850,568
Total equity		**936,211**	861,060

NOTES:

1. CORPORATE INFORMATION

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

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

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

2.1 BASIS OF PREPARATION

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

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2013.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the adoption of new International Financial Reporting Standards ("**IFRSs**") and amendments to IFRSs issued by the International Accounting Standards Board that are effective for annual periods beginning on or after 1 January 2014. The adoption of these new IFRSs amendments to IFRSs has had no significant financial effect on the financial position or performance of the Group.

3. REVENUE AND OPERATING SEGMENT INFORMATION

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

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

Entity-wide disclosures

Information about products

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

	For the six months ended 30 June			
	2014		2013	
	RMB'000	*%*	*RMB'000*	*%*
	(Unaudited)		*(Unaudited)*	
One-side-polished slabs	**46,910**	**21**	**35,935**	97
Cut-to-size slabs	**150,713**	**69**	**—**	—
Marble blocks	**21,457**	**10**	**1,097**	3
	219,080	**100**	**37,032**	100

Geographical information

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

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Domestic*:		
Mainland China	**210,401**	36,187
Overseas	**8,679**	845
	219,080	37,032

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

At the end of the Review Period, except for a property in Hong Kong, all of the Group's 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	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Customer A	**56,082**	*
Customer B	**38,135**	*
Customer C	*	6,418

* Less than 10% of the total revenue

4. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Bank interest income	**6,926**	926
Foreign exchange gains, net	**—**	2,567
Miscellaneous	**309**	94
Total other income and gains	**7,235**	3,587

5. FINANCE COSTS

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Interest on bank loans	**3,686**	825
Interest on instalments	**992**	794
Unwinding of discount on rehabilitation	**329**	258
Interest on bills receivable discounted (note 12)	**2,926**	—
	7,933	1,877

6. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Cost of inventories sold	**75,755**	18,879
Employee benefit expense (including directors' and chief executive's remuneration)*	**26,910**	14,256
Depreciation and amortisation (note 9)	**2,975**	1,326
Minimum lease payments under operating leases:		
- Office	**1,642**	1,443
- Warehouses	**1,281**	496
- Parcels of land located at Shangsheng Village (note 10)	**410**	68
Auditors' remuneration	**1,222**	17
Listing fees expensed off	**—**	3,970
Foreign exchange losses/(gains), net	**3,288**	(2,567)
Write off of payments in advance for software	**2,750**	—

* Total employee benefit expense includes equity-settled share option expense of RMB2,558,000 for the Review Period (six months ended 30 June 2013: Nil).

7. INCOME TAX

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Current — Mainland China		
Charged for the period	**36,860**	3,246
Deferred (note 11)	**(7,178)**	132
Total tax charge for the period	**29,682**	3,378

Notes:

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

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

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

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

The calculation of earnings per share is based on the profit attributable to owners of the Company for the Review Period of RMB72,593,000, and the weighted average number of ordinary shares of 1,333,334,000 in issue during the Review Period.

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

Loss per share information for the six months ended 30 June 2013 was not considered meaningful due to the group reorganisation, details of which were set out in the Company's prospectus dated 16 December 2013.

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

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

	Property, plant and equipment *RMB'000* *(Unaudited)*	**Intangible assets** *RMB'000* *(Unaudited)*	**Prepaid land lease payments*** *RMB'000* *(Unaudited)*
Carrying amount at 1 January 2014	41,051	77,206	—
Additions	5,929	1,102	13,300
Depreciation/amortisation charged for the Review Period (note 6)	(2,504)	(338)	(133)
Carrying amount at 30 June 2014	44,476	77,970	13,167

* Prepaid land lease payments represent costs of a land use right in respect of the Group's leasehold land situated in Yongfeng County, Jiangxi Province, the PRC and held on a medium-term lease.

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

	Notes	**30 June 2014** *RMB'000* ***(Unaudited)***	31 December 2013 *RMB'000*
Current portion:			
Prepayments in respect of:			
- Processing fee		**2,118**	—
- Office rental		**382**	141
- Warehouse rental		**2,528**	1,620
- Lease of parcels of land located at Shangsheng Village	(a)	**819**	819
- Cultivated land used tax	(b)	**210**	—
- Materials		**695**	2,240
Deposits		**6,173**	2,338
Interest income receivables		**3,609**	1,033
Deductible input value-added tax		**—**	711
Other receivables		**1,692**	1,643
		18,226	10,545
Non-current portion:			
Payments in advance in respect of:			
- Property, plant and equipment		**4,171**	5,116
- Software		**—**	3,381
- Prepaid land lease payments		**—**	2,671
Prepayments in respect of:			
- Lease of parcels of land located at Shangsheng Village	(a)	**10,734**	11,144
- Cultivated land used tax	(b)	**5,795**	—
		20,700	22,312
		38,926	32,857

Notes:

(a) The balances represent prepayments made to villagers for the use of parcels of land in Shangsheng Village for mining activities at the Yongfeng Mine. Based on the various agreements entered into among Jueshi Mining, the Shangsheng Village Committee and villagers, Jueshi Mining prepaid RMB12,280,000 in aggregate, for rights to use the said parcels of land for a period of 15 years since the effective dates of the respective lease agreements.

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

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

11. DEFERRED TAX

The movements of deferred tax assets and deferred tax liabilities during the Review Period are as follows:

Deferred tax assets

	Accrued expenses	Provision for rehabilitation	Excess tax depreciation over book value of fixed assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2014	—	—	—	—
Deferred tax charged to profit or loss during the Review Period (note 7)	6,955	226	42	7,223
At 30 June 2014 (unaudited)	6,955	226	42	7,223

Deferred tax liabilities

	Fair value adjustment arising from business combination	Excess book value of mining rights over tax amortisation	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2014	2,750	446	3,196
Deferred tax charged/(credited) to profit or loss during the Review Period (note 7)	(172)	217	45
At 30 June 2014 (unaudited)	2,578	663	3,241

Notes:

(a) Deferred tax liabilities related to the subsidiaries in Mainland China have been provided at the enacted corporate income tax rate of 25%.

(b) Pursuant to the income tax rules and regulations in the PRC, a 10% withholding tax is levied on dividends declared to foreign investors by foreign investment enterprises established in the PRC effective from 1 January 2008.

According to the articles of association of Xiamen Huijin Stone, a principal operating subsidiary in Mainland China, the shareholder of Xiamen Huijin Stone has the ultimate power to decide Xiamen Huijin Stone's dividend policy. Pursuant to the shareholder's resolution issued on 25 July 2014, the net profit of Xiamen Huijin Stone for the Review Period, after appropriation to the statutory reserve fund, would be used for its business development and would not be distributed to its shareholder. As a result, no deferred tax liabilities relating to withholding tax on the distributable profits of Xiamen Huijin Stone for the Review Period have been recorded.

The aggregate amount of unremitted earnings associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB74,935,000 (31 December 2013: RMB5,004,000).

12. TRADE AND BILLS RECEIVABLES

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(Unaudited)	
Trade receivables	**87,814**	15,706
Bills receivable	**629**	—
	88,443	15,706

An aged analysis of the trade receivables as at 30 June 2014 and 31 December 2013, based on the delivery date, is as follows:

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(Unaudited)	
Within 1 month	**50,984**	10,791
1 to 3 months	**25,450**	4,758
3 to 6 months	**9,642**	157
6 to 12 months	**1,738**	—
	87,814	15,706

As at 30 June 2014, trade receivables contained a retention amount of RMB8,941,000 (31 December 2013: RMB565,000).

The Group's trading terms with its customers are mainly on credit, except for new and minor customers, where payment in advance is normally required. The credit period is generally one to six months for major customers. There are 5% of sales of marble slabs withheld by customers as retention money with respective due dates usually not more than one year after the delivery of goods.

Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables relate to a limited number of major customers, there is a concentration of credit risk. The Group maintains strict control over the settlements of its outstanding receivables and has a credit control department to minimise credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(Unaudited)	
Neither past due nor impaired	**86,542**	15,549
Past due but not impaired:		
Less than 1 month past due	**—**	157
Over 3 months past due	**1,272**	—
	87,814	15,706

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

Trade receivables that were past due but not impaired relate to independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

During the Review Period, the Group has recognised interest expense of RMB2,926,000 (six months ended 30 June 2013: Nil) (note 5) on discounted bills issued for intra-group transactions.

13. BALANCES WITH RELATED PARTIES

	Notes	**30 June 2014**	31 December 2013
		RMB'000	*RMB'000*
		(Unaudited)	
Due from a related party:			
Non-trade in nature:			
- Liu's Group	(a)	**1,330**	197
Due to a related party:			
Non-trade in nature:			
- Mr. Liu	(b)	**61**	71

Notes:

(a) As at 30 June 2014 and 31 December 2013, amounts due from Liu's Group were denominated in RMB. These balances with Liu's Group were non-trade, interest-free, unsecured and had no fixed terms of repayment. The balance with Liu's Group as at 30 June 2014 represents the maximum amount due from Liu's Group during the Review Period.

(b) As at 30 June 2014 and 31 December 2013, amounts due to Mr. Liu were denominated in RMB. These balances with Mr. Liu were non-trade, interest-free, unsecured and had no fixed terms of repayment.

14. TRADE AND BILLS PAYABLES

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(Unaudited)	
Trade payables	**45,468**	22,967
Bills payable	**60,000**	—
	105,468	22,967

An aged analysis of the trade and bills payables as at 30 June 2014 and 31 December 2013, based on the invoice date or issue date, where appropriate, is as follows:

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(Unaudited)	
Within 3 months	**32,072**	13,547
3 to 6 months	**27,919**	8,318
6 months to 1 year	**45,477**	1,102
	105,468	22,967

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

As at 30 June 2014, the Group's bills payable of RMB20,000,000 were secured by pledged time deposits of RMB10,000,000 and jointly guaranteed by Mr. Liu and Jueshi Mining, and bills payable of RMB40,000,000 were secured by pledged time deposits of RMB16,000,000 and guaranteed by Jueshi Mining.

As at 30 June 2014, the Group's bills payable of RMB60,000,000 relating to bills issued by the Group's subsidiary and held by bank.

15. INTEREST-BEARING BANK LOANS

	Notes	**30 June 2014** *RMB'000* *(Unaudited)*	31 December 2013 *RMB'000*
Repayable within one year:			
Secured bank loans	(a)	**49,000**	49,000
Unsecured bank loans	(b)	**40,000**	65,900
		89,000	114,900
Effective interest rate per annum (%)		**6.60-6.61**	5.88-7.84

(a) As at 30 June 2014, bank loans of RMB49,000,000 (31 December 2013: RMB49,000,000) were secured by marble blocks with a carrying amount of RMB9,974,000 (31 December 2013: RMB11,341,000) with an interest rate of 6.61% per annum.

(b) As at 30 June 2014, bank loans of Xiamen Huijin Stone of RMB40,000,000 were guaranteed by Jueshi Mining. As at 31 December 2013, bank loans of Xiamen Huijin Stone of RMB62,300,000 and RMB3,600,000 were guaranteed by Jueshi Mining and jointly guaranteed by the Company and Jueshi Mining, respectively.

16. DEFERRED INCOME

	RMB'000
Government grant	
At 1 January 2014	—
Government grant related to assets received during the Review Period	6,005
Released to profit or loss	—
At 30 June 2014 (unaudited)	6,005

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

17. SHARE OPTION SCHEMES

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

The following share options were outstanding under the Pre-IPO Share Option Scheme during the Review Period:

	Notes	Exercise price HK$ per share	Number of options
As at 1 January 2014	(a)	2.39	16,666,675
Forfeited during the Review Period	(b)	*	(2,666,668)
As at 30 June 2014			14,000,007

Notes:

(a) The share options outstanding as at 1 January 2014 represented share options granted by the Company on 30 December 2013 at the exercise price of HK$2.39 per share.

(b) The share options granted to an eligible participant under the Pre-IPO Share Option Scheme were forfeited following her resignation during the Review Period.

The exercise prices and exercise periods of the share options outstanding under the Pre-IPO Share Option Scheme as at 30 June 2014 and 31 December 2013 are as follows:

30 June 2014

Number of options	Exercise price per share (HK$)	Exercise period
1,399,998	2.39	From 30 June 2014 to 30 June 2015
1,399,998	2.39	From 30 June 2015 to 30 June 2016
5,600,001	2.39	From 30 June 2016 to 30 June 2017
5,600,010	2.39	From 30 June 2017 to 30 June 2018
14,000,007		

31 December 2013

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

The fair value of the share options granted under the Pre-IPO Share Option Scheme was HK$14,065,000 (equivalent to approximately RMB11,068,000) or approximately HK$1.00 each (equivalent to approximately RMB0.79 each), of which the Group recognised a share option expense of HK$3,251,000 (equivalent to approximately RMB2,558,000) during the Review Period (six months ended 30 June 2013: Not applicable).

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

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

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

As at 30 June 2014, the Company had 14,000,007 share options outstanding under the Pre-IPO Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 14,000,007 additional ordinary shares of the Company and additional share capital of HK$140,000 and share premium of HK$33,320,000 (before issue expenses).

At the date of approval of this interim condensed financial information, the Company had 14,000,007 share options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 1.05% of the Company's shares in issue as at that date.

18. DIVIDENDS

At a meeting of the board of directors held on 28 August 2014, the directors resolved not to pay an interim dividend to shareholders (six months ended 30 June 2013: Nil).

19. COMMITMENTS

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

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(Unaudited)	
Contracted, but not provided for:		
- Plant and equipment	**9,651**	8,078
- Intangible assets	**—**	1,762
- Prepaid land lease payments	**—**	10,122
- Motor vehicle	**147**	—
	9,798	19,962

MANAGEMENT DISCUSSION AND ANALYSIS

In February 2013, the Group launched large-scale commercial production at a marble mine ("**Yongfeng Mine**") situated in Yongfeng County, Jiangxi Province in China. During the Review Period, the Group has extracted a total of 29,085 cubic metres of marble blocks in Yongfeng Mine. We have developed two operating mining areas in Yongfeng Mine, namely North #1 and North #4 mining areas. There are eight benches (31 December 2013: seven benches) in North #1 mining areas and five benches (31 December 2013: two benches) in North #4 mining areas. Benefiting from a favourable geographical environment, the ideal geological conditions of Yongfeng Mine and based on the good foundation on which we laid on our mines, we are very confident in the mining of Yongfeng Mine in the future.

As at the date of this announcement, the Group has a network of 94 distributors, covering 80 cities across 29 provinces and autonomous regions in the People's Republic of China (the "**PRC**" or "**China**"). In addition, the Group's further enhancement and expansion of its direct sales channels, along with the growing brand effect of the Company's marble products, contributed to a rapid increase in the direct sales in the Review Period. The first stone experience store of the Company was opened at the end of 2013 in Xiamen, focusing on the integration of the innovative design of stone and home decoration. We hope to visionarily set the trend among consumers using stone with this store. To provide customers with more comprehensive marble products, we are also actively seeking marble resources that can bring synergies to the Group and provide a useful complement to existing products in terms of colours.

OUR YONGFENG MINE

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

Holder	Jiangxi Jueshi (Yongfeng) Mining Co., Ltd. ("**Jueshi Mining**") (our subsidiary)
Nature of resource	marble
Covered area	approximately 2.0 square kilometres
Issuance date	5 February 2013

Expiration date	5 February 2018, which can be extended to 5 February 2043 according to applicable PRC laws and regulations
Permitted production volume	250,000 cubic metres per annum

The Jiangxi Province Bureau of Land and Resources assessed a mining right fee of RMB55.8 million for a period of 30 years. After paying RMB18.6 million in January 2013, we obtained a mining permit with an initial term of five years from 5 February 2013 to 5 February 2018. The term of our mining permit can be extended for another 25 years according to applicable PRC laws and regulations upon completion of our payment of the remaining mining right fee of RMB37.2 million plus interest accrued in four equal annual installments in the next four years. The first installment was paid by the Group's own funds as the pay fell due in March 2014.

The Company did not have exploration activities during the Review Period. In the Review Period, the capital expenditure of Yongfeng Mine was RMB0.7 million, including capital expenditure of North #4 platform of RMB0.3 million and property, plant and equipment of RMB0.4 million.

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

REVENUE

During the Review Period, the Group recorded an operating revenue of approximately RMB219.1 million, representing an increase of approximately RMB182.1 million compared to the corresponding period in 2013, mainly due to (i) the mining of Yongfeng Mine increased from 12,312 cubic metres in the corresponding period in 2013 to 29,085 cubic metres in the Review Period, the production volume of one-side-polished slabs increased from 220,089 square metres in the corresponding period in 2013 to 631,668 square metres in the Review Period and the production volume of cut-to-size slabs was 310,208 square metres in the Review Period; (ii) established since October 2012, our distribution network increased from 69 distributors as at 31 December 2013 to 94 distributors as of 30 June 2014; and (iii) benefited from the eight regional sales centres across the PRC, our direct sales channels increased rapidly in the Review Period, effectively improving the Group's revenue with distributors channels.

(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					
	2014			2013		
	(Unaudited)			*(Unaudited)*		
	RMB'000	***Approximate percentage***	**Gross profit margin *(approximate percentage)***	*RMB'000*	*Approximate percentage*	Gross profit margin *(approximate percentage)*
Marble blocks	**21,457**	**9.8%**	**88.0%**	1,097	3.0%	65.4%
One-side-polished slabs	**46,910**	**21.4%**	**58.2%**	35,935	97.0%	48.5%
Cut-to-size slabs	**150,713**	**68.8%**	**64.5%**	—	—	—
Total	**219,080**	**100.0%**	**65.4%**	37,032	100.0%	49.0%

(b) **Sales by Volume and Average Selling Price**

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

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	*(Unaudited)*
Sales volume		
Marble blocks (m^3)	**3,676**	276
One-side-polished slabs (m^2)	**198,926**	164,989
Cut-to-size slabs (m^2)	**351,104**	—
Average selling price		
Marble blocks (RMB/m^3)	**5,837**	3,975
One-side polished slabs (RMB/m^2)	**236**	218
Cut-to-size slabs (RMB/m^2)	**429**	—

The unit selling price of marble blocks increased approximately 46.8% comparing to the corresponding period in 2013. While, on one hand, the market had a large demand for the product and the Group was equipped with unique resource advantages, on the other hand, the comparatively low unit selling price, originally set for the purpose of speeding up market expansion and infiltration, gradually recovered with the consolidation of further enlarged sales channels.

The unit selling price of one-side polished slabs increased approximately 8.3% comparing to the corresponding period in 2013. The marble products of the Group is compatible with the international well-known brands and with uptrading room available, the price will be gradually raised.

(c) **Sales by Sales Channels**

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

	For the six months ended 30 June			
	2014		2013	
	(Unaudited)		*(Unaudited)*	
	RMB'000	***Approximate percentage***	*RMB'000*	*Approximate percentage*
Sales to distributors	**28,942**	**13.8%**	26,214	72.4%
Direct sales	**181,459**	**86.6%**	9,973	27.6%
	210,401	**100.0%**	36,187	100.0%

Since 2013, the Group enhanced the development of its direct sales channels in order to further promote the brand image and to build it as an iconic and premium trademark. Such enhancement has also served to establish and broaden the base for a fast and stable growth in sales revenue and profits. The results during the Review Period were fruitful and outstanding. The percentage which direct sales accounted for domestic revenue increased by 59.0 percentage points compared to the corresponding period in 2013.

COST OF SALES

The Group's cost of sales amounted to approximately RMB75.8 million, including, among others, processing costs, which represented approximately 55.3% of the cost of sales; marble blocks mining costs, which represented approximately 22.2% of the cost of sales; and transportation costs, which represented approximately 10.3% of the cost of sales. The increase in cost of sales in the Review Period was in line with the increases in sales and production capacity.

Processing costs

Processing costs of the Group represented the processing fees paid to processors for processing marble blocks into one-side polished slabs and one-side polished slabs into cut-to-size slabs. The processing fees per unit of one-side polished slabs in the Review Period were approximately RMB 60.0, compared to the processing fees of approximately RMB73.0 in the corresponding period in 2013. The processing fees per unit of cut-to-size slabs were approximately RMB22.0. The processing fees per unit of one-side polished slabs decreased in Review Period, which was mainly due to a substantial increase in processing volume, which in turn resulted in the significantly increased bargaining power of the Group with the processors.

Marble blocks mining costs

In the Review Period, marble blocks mining costs of the Group mainly included mining labour costs, materials consumption, fuel, electricity, depreciation of production equipment and amortization of mining rights. Benefiting from the economies of scale from mining and the strengthened control of costs by the Group, the marble blocks mining costs per unit decreased by approximately 49.2% compared to the corresponding period in 2013.

Transportation costs

Transportation costs included: (i) long-distance transportation fees for transporting marble blocks from the blocks yard of Yongfeng Mine to Shuitou, Fujian, the processing centre; and (ii) short-distance transportation fees for transporting marble blocks to the transit yard and transportation allocation between the warehouse in Shuitou and processors according to our production and processing plan. Transportation costs accounted for approximately 10.3% and 17.4% of the production costs for the Review Period and corresponding period in 2013 respectively.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit of the Group in the Review Period increased by approximately RMB125.2 million, compared to the corresponding period in 2013. The gross profit margin in the Review Period was approximately 65.4%, while the gross profit margin in the corresponding period in 2013 was approximately 49.0%. The significant increase in the gross profit margin was mainly attributed to the combined effect of the improved quality of the Group's products, the decrease in product costs per unit and the increasing proportion of marble blocks and cut-to-size slabs with higher gross profit margin.

OTHER INCOME AND GAINS

Other income and gains mainly included interest income from bank deposits. Interest income amounted to approximately RMB6.9 million for the Review Period.

OTHER EXPENSES

Other expenses included, among others, foreign exchange loss, write off of payments in advance in respect of software, bank charges and donation to local charity. During the Review Period, foreign exchange loss amounted to approximately RMB 3.3 million, write off of payments in advance in respect of software amounted to approximately RMB 2.8 million and donation to local charity was approximately RMB 0.5 million.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses, mainly comprised of salaries of the Group's sales and distribution staff, travelling expenses, advertising costs and office rents, were approximately RMB12.9 million, representing approximately 5.9% of the revenue in the Review Period, while the selling and distribution expenses of approximately RMB12.5 million in the corresponding period in 2013 accounted for approximately 33.8% of the revenue in the corresponding period in 2013. The selling and distribution expenses in the Review Period were similar to that of the corresponding period in 2013, while the accounted percentage of the revenue decreased significantly mainly due to: (i) the enhancement and development of sales channels resulted in significant increase in revenue; (ii) the Group continued to make efforts on expense control and strived to exercise the maximum economic effect.

ADMINISTRATIVE EXPENSES

Administrative expenses, mainly comprised of salaries of administrative staff, amortization of share option scheme, consultancy fees and mineral resources compensation fee, were RMB 19.8 million, accounting for approximately 9.0% of the revenue in the Review Period. The Administrative expenses were approximately RMB 10.7 million in the corresponding period in 2013, accounting for approximately 29.0% of the revenue for the six months ended 30 June 2013.

FINANCE COSTS

Finance costs mainly included interests on bank loans, interests on bills receivable discounted, interest on deferred payment from the acquisition of mining rights and related interests of rehabilitation. Finance costs increased approximately RMB 6.1 million, mainly attributable to interests on bank loans and bill discounts.

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 2014, the total number of full-time employees of the Group was 405 (30 June 2013: 381). Employee costs (including the Directors' remunerations) totalled approximately RMB26.9 million for the Review Period (for the six months ended 30 June 2013: approximately RMB 14.3 million). Taking into account of the strategic goal of the Group, operating results, efforts and contributions made by each of the executive directors, senior management and employees, and for the purposes of recognizing their added 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 their qualifications and abilities, and makes adjustment according to varied percentage. Accordingly, the staff costs had a significant 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.

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in a defined central pension scheme managed by the relevant local government authorities in Xiamen and Yongfeng where the Group is required to contribute a certain percentage of the relevant part of the payroll of these employees to the central pension scheme. The local government authorities are responsible for the entire pension obligations payable to the retired employees and the Group has no obligation for the payment of retirement benefits beyond the annual contributions. During the Review Period, the contributions of approximately RMB1.4 million (for the six months ended 30 June 2013: approximately RMB1.1 million) were charged to the profit and loss account as they became payable in accordance with the rules of the central pension scheme.

INCOME TAX EXPENSE

Income tax expense increased from approximately RMB3.4 million for the six months ended 30 June 2013 to approximately approximately RMB29.7 million for the six months ended 30 June 2014 were mainly due to the taxable profits generated by the Group's subsidiaries in the PRC.

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

Net profits attributable to owners of the Company during the Review Period amounted to approximately RMB72.6 million, compared to the net loss of approximately RMB6.9 million for the corresponding period in 2013. The significantly increased net profits were in line with the increase of revenue during the Review Period.

NET CASH FLOWS FROM OPERATING ACTIVITIES

Net cash flows generated from operating activities for the Review Period were approximately RMB78.3 million (for the six months ended 30 June 2013: net outflow of approximately RMB40.9 million), primarily due to: (i) a profit before tax of approximately RMB102.3 million, (ii) an increase in trade payables and bills payables of approximately RMB82.5 million, and (iii) an increase in deferred income of approximately RMB6.0 million. Net cash flows from operating activities was partially offset by trade and bills receivables increased by approximately RMB72.7 million, prepayment, deposits and other receivables increased by approximately RMB10.5 million and other payables and accruals decreased by approximately RMB20.3 million.

NET CASH FLOWS USED IN INVESTING ACTIVITIES

Net cash flows used in investing activities for the Review Period were approximately RMB474.5 million (for the six months ended 30 June 2013: approximately RMB37.0 million), which primarily included: i) payment for time deposit with a term of over three months of RMB421.0 million; ii) increase of pledged time deposit of approximately RMB26.0 million; iii) prepaid land lease payment amounted to approximately RMB11.0 million; and iv) the payment of installment for the acquisition of mining right with an amount of approximately RMB9.3 million.

NET CASH FLOWS USED IN FINANCING ACTIVITIES

Net cash flows used in financing activities for the Review Period were approximately RMB25.9 million (for the six months ended 30 June 2013: approximately RMB41.8 million), which was primarily used for repayment of bank loans.

INVENTORIES AND TURNOVER DAYS

The Group's inventories increased by approximately 3.0%, from approximately RMB61.0 million as at 31 December 2013 to approximately RMB62.8 million as at 30 June 2014. It is primarily due to an increase in stock of marble blocks and cut-to-size slabs. The inventory turnover days decreased from 217 in 2013 to 147 in the Review Period. Such improvement in inventory turnover days was the result of the Group's effort in production planning to maintain a relatively rational inventory level.

TRADE AND BILLS RECEIVABLES AND TURNOVER DAYS

The Group's trade and bills receivables increased from approximately RMB15.7 million as of 31 December 2013 to approximately RMB88.4 million as of 30 June 2014. The increase was primarily due to a significant increase in revenue, and the grant of credit terms to certain new customers. Compared to 20 days in 2013, the trade receivables turnover days for the Review Period was 36 days. The increase in trade receivables turnover days was primarily due to the grant of credit period ranging from three to six months to our major customers.

TRADE AND BILLS PAYABLES

The Group's trade and bills payables increased from approximately RMB23.0 million as of 31 December 2013 by approximately RMB82.5 million to approximately RMB105.5 million as of 30 June 2014, which was primarily due to issuing bills of RMB60.0 million to settle intra-group transactions during the Review Period.

NET CURRENT ASSETS

Net current assets of the Group increased by 6.5%, from approximately RMB759.8 million as of 31 December 2013 to approximately RMB809.1 million as of 30 June 2014, which was primarily due to the net profit realized during the Review Period.

CURRENT RATIO

The current ratio, being current assets over current liabilities, was 4.0 as at 30 June 2014 (31 December 2013: 4.6). The current ratio decreased primarily due to an increase in trade and bills payables and tax payables at the end of the Review Period.

BORROWINGS

The Group generally finances its operations with internally generated cash flows and banking credit facilities. As at 30 June 2014, the Group had total bank loans of RMB 89.0 million (31 December 2013: RMB114.9 million).

GEARING RATIO

The Group's gearing ratio equals to its net debt (total debts net of cash and bank balances) divided by total equity. Total debt is defined as interest-bearing bank and other loans and it excludes liabilities incurred for working capital purposes. As at 30 June 2014 and 31 December 2013, the Group's cash and bank balances exceeded the interest-bearing bank loans, respectively. As such, no gearing ratio as at 30 June 2014 and 31 December 2013 is presented.

CAPITAL EXPENDITURE

The Group's ability to maintain and increase its sales and profits depends upon continued capital spending. Capital expenditures are used to purchase mining rights, land, property, plant and equipment. For the Review Period, the Group's expenditure for: (i) purchase of property, plant and equipment totalled approximately RMB5.9 million, (ii) for the installment of acquisition of mining right totalled approximately RMB9.3 million, and (iii) prepaid land lease payments totalled approximately RMB10.6 million.

FOREIGN EXCHANGE EXPOSURE

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

PLEDGE OF ASSETS

As at 30 June 2014, the Group pledged marble blocks of approximately RMB10.0 million (31 December 2013: approximately RMB11.3 million) to secure the bank loans granted to the Group. The Group pledged bank deposits of approximately RMB 26.0 million (31 December 2013: nil) to issue bills for the intra-group transactions.

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

The net proceeds from the Company's listing and issue of new Shares amounted to approximately HK$833.0 million (equivalent to approximately RMB655.5 million). The net proceeds will be applied in accordance with the proposed applications set out in the section headed "Future plans and use of proceeds" contained in the prospectus of the Company dated 16 December 2013 (the "**Prospectus**"). During the Review Period, the utilized net proceeds were approximately RMB16.4 million (details as follow) and the remaining proceeds as at 30 June 2014 were approximately RMB639.1 million and they were deposited with licensed banks as time deposits in Mainland China and Hong Kong respectively.

	RMB million Remaining as at 30 June 2014	**RMB million Utilized for the Review Period**
Working capital and other general corporate purposes	62.3	3.3
Expansion of sales channels	64.4	1.2
Capital expenditure of Yongfeng Mine	261.4	0.7
Construction of slab processing facilities	185.4	11.2
Acquisition of marble resources	65.6	—
Total	639.1	16.4

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group had capital commitments of approximately RMB9.8 million for acquisition of property, plant and equipment, which were contracted but not provided for, as at 30 June 2014.

As at 30 June 2014, the Group had no material contingent liabilities.

MAJOR ACQUISITION AND DISPOSAL OF ASSETS AND MERGER ISSUES

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

FUTURE PLANS

The Group has a substantial amount of high-quality marble mineral reserves and extensive industry experience. Building on this foundation, the Group will seize any opportunities identified by thorough analysis throughout every aspect, including upstream and downstream, of the marble industry in order to establish the optimal industry positioning and development strategy. Shouldering the responsibility of formulating product standards for the marble industry, the Group shall demonstrate the ability of production and designing high-end products by setting its standardized products as an example. The Group is devoted to expand a wider channel for production and marketing, with the goal to become an excellent brand in the marble industry. In particular, the Group shall formulate related business plans according to the following business strategy, direction and principles:

(i) Fully capitalize the marble reserves of the Group, and under the premise of maintaining the continued growth and development in market sales, completing the construction of standardized processing plant and commence production ahead of schedule and establishing applicable standardized product as soon as possible.

(ii) Introducing a subcontracting system into the processing flow by selecting capable stone processing plants to process supplied materials according to the product standards equipped by the Company, thereby promptly enhancing the Company's total processing ability (direct processing and subcontracting); currently, the subcontracting arrangement of the Company mainly covers large plates and engineering plates. In the future, subcontracting would be arranged primarily for standardized retail products under a proprietary brand-standard plates and strategic products.

(iii) Strengthening the distributor network base, choosing distributors having a well-established network as partners and promoting the unique product line of the Company such as standardized stone and consumer-brand products, including without limited to, sanitary products, stone or stone-blended furniture.

(iv) Employing an internal product design team as well as international design consultants, to design a range of fashionable marble products by utilizing high-quality stones from the Group; accordingly, the Group has confirmed that the Dentsu Group would provide related product designs and applicable suggestions.

(v) Regarding the above key strategies, the Group has now initially entered into a co-operation initiative with an international business process consultant - Kyocera Amoeba Management Consulting (Shanghai) Co.,Ltd.

(vi) In the aspect of resources integration, the Group has preliminary negotiations with premium stones companies, both domestically and abroad.

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 complied with the applicable code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong ("**Stock Exchange**") during the Review Period except with the following deviation.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

Mr. LIU Chuanjia, being the Chairman of the Board, is also responsible for the strategic planning and overseeing all aspects of the Group's operation as the chief executive officer of the Company ("**CEO**"). Mr. LIU Chuanjia as the founder of the Group has extensive experience and knowledge in the business of the Group. The Board believes that his role as the Chairman of the Board and CEO provides the Group with strong and consistent leadership and allows for efficient business planning and decision which is beneficial to the business development of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the Review Period.

CHANGE OF JOINT COMPANY SECRETARY AND AUTHORISED REPRESENTATIVE

Ms. JIAO Jie ("**Ms. Jiao**") has resigned from her positions as a joint company secretary ("**Joint Company Secretary**") and an authorised representative (the "**Authorised Representative**") of the Company with effect from 30 May 2014 due to her personal pursuit.

Following the resignation of Ms. Jiao, Ms. AI Qinghua ("**Ms. Ai**") has been appointed as a Joint Company Secretary to replace Ms. Jiao and to act jointly with Ms. CHEUNG Yuet Fan ("**Ms. Cheung**"), the existing Joint Company Secretary with effect from 30 May 2014.

Ms. Ai does not possess the specified qualifications of a company secretary as required under Rule 3.28 of the Listing Rules. The Company has made an application to the Stock Exchange for, and the Stock Exchange has conditionally granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to Ms. Ai's eligibility to act as a Joint Company Secretary for three years from the date of the appointment of Ms. Ai.

Following the appointment of Ms. Ai as a Joint Company Secretary, she has also been appointed as an Authorised Representative to replace Ms. Jiao for the purpose of Rule 3.05 of the Listing Rules with effect from 30 May 2014.

For details of the change of Joint Company Secretary and Authorised Representative, please refer to the announcement of the Company dated 3 June 2014.

RETIREMENT AND CHANGE OF DIRECTORS

Mr. WANG Pingyao ("**Mr. Wang**") has retired as an executive Director at the annual general meeting of the Company held on 28 May 2014 due to his own decision to devote more time to personal endeavours.

Mr. HAN Yingfeng ("**Mr. Han**") has been appointed as an executive Director and Mr. FAN Huiming ("**Mr. Fan**") has resigned as an executive Director due to the need to concentrate on other personal development, both with effect from 11 July 2014.

For details of the aforesaid retirement and change of Directors, please refer to the announcements of the Company dated 28 May 2014 and 11 July 2014 respectively.

CHANGE OF CORE MANAGEMENT TEAM

Upon the retirement of Mr. Wang on 28 May 2014, Mr. NIE Zhiqiang ("**Mr. Nie**"), Mr. LIU Xiangbo ("**Mr. Liu**") and Mr. FENG Song ("**Mr. Feng**"), all, as disclosed in the Prospectus, being senior management of the Company, have taken up Mr. Wang's duties and responsibilities. Mr. Nie, Mr. Liu and Mr. Feng have been working in their respective positions in the Company since their respective joining of the Company. They have worked hand-in-hand with Mr. Wang since 2012. They have been working with and assisting Mr. Wang in his roles and responsibilities in the Company before his retirement and have taken up his responsibilities after his retirement.

Upon the resignation of Mr. Fan on 11 July 2014, Mr. Han as well as Mr. ZHANG Jiyan ("**Mr. Zhang**") and Mr. LU Xuewen ("**Mr. Lu**"), both being senior managers of the Company have taken up Mr. Fan's duties and responsibilities. They have been working with and assisting Mr. Fan in his roles and responsibilities in the Company before his resignation and have taken up his duties and responsibilities after his resignation.

As such, the current Directors and senior managers of the Company (the "**Core Management Team**") now comprises ten members, including three executive Directors and seven senior managers of the Company, amongst which, six of them, namely Mr. LI Dingcheng, Mr. Nie, Mr. Liu, Mr. Feng, Mr. Zhang and Mr. Lu, have at least 5 years of relevant marble and/or granite exploration and/or extraction and processing and marketing experience. For details of the change in Core Management Team and the biographical information of Mr. LI Dingcheng, Mr. Nie, Mr. Liu, Mr. Feng, Mr. Zhang and Mr. Lu, please refer to the Prospectus and the announcement of the Company dated 30 July 2014.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely, Mr. WANG Hengzhong (as chairman), Mr. LIU Jianhua and Mr. JIN Sheng. The Audit Committee has adopted the terms of reference in compliance with the CG Code as set out in Appendix 14 of the Listing Rules.

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 unaudited consolidated financial statements of the Group for the Review Period. In addition, the Company's auditors Ernst & Young has reviewed the unaudited consolidated financial statements of the Group for 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.

PRE-EMPTION RIGHT

Pursuant to the constitution of the Company and the laws of the Cayman Islands (the place where the Company was incorporated), no provision in relation to pre-emption rights shall apply to the Company.

MAJOR SUBSEQUENT EVENTS

There is not any major subsequent event occurring during the period from 1 July 2014 to the date of this announcement.

PUBLICATION OF 2014 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.artgo.cn). The interim report for the Review Period will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

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

Xiamen, the People's Republic of China, 28 August 2014

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