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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3313)

Results Announcement for the Year ended 31 December 2014

Results Highlights

For the year ended 31 December 2014:

- The revenue of the Group for the year ended 31 December 2014 amounted to approximately RMB344.3 million (2013: approximately RMB139.8 million), representing an increase of approximately RMB204.5 million.
- The equity attributable to owners amounted to approximately RMB967.2 million, representing an increase of approximately RMB106.1 million.
- The profit before tax of the Group for the year ended 31 December 2014 amounted to approximately RMB144.2 million (2013: approximately RMB12.3 million), representing an increase of approximately RMB131.9 million.
- The Group's net profit for the year ended 31 December 2014 was approximately RMB102.3 million (2013: net loss of approximately RMB0.4 million).
- The basic and diluted earnings per share attributable to ordinary equity holders of the Company for the year ended 31 December 2014 amounted to RMB8 cent (2013: basic loss per share of approximately RMB0.04 cent).

The board (the "Board") of directors (the "Directors") of ArtGo Mining Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014. The Company's annual results for 2014 have been reviewed by the audit committee of the Company (the "Audit Committee") and were approved by the Board on 18 March 2015.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
REVENUE	3	**344,339**	139,775
Cost of sales		**(127,511)**	(56,597)
Gross profit		**216,828**	83,178
Other income and gains	4	**19,905**	4,298
Selling and distribution expenses		**(27,541)**	(24,500)
Administrative expenses		**(43,018)**	(45,564)
Other expenses		**(8,259)**	(593)
Finance costs	5	**(13,698)**	(4,501)
PROFIT BEFORE TAX	6	**144,217**	12,318
Income tax expense	7	**(41,885)**	(12,720)
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE YEAR		**102,332**	(402)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY:			
Basic and diluted (RMB cent per Share)	9	**8.00**	(0.04)

Details of the dividends proposed for the year are disclosed in note 8 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**48,331**	41,051
Prepaid land lease payments		**12,768**	—
Intangible assets		**77,413**	77,206
Prepayments, deposits and other receivables	10	**16,225**	11,144
Payments in advance	11	**2,400**	11,168
Deferred tax assets	12	**5,801**	—
Restricted deposits	13	**1,702**	1,702
Total non-current assets		**164,640**	142,271
CURRENT ASSETS			
Inventories	14	**69,898**	60,973
Trade receivables	15	**61,836**	15,706
Prepayments, deposits and other receivables	10	**40,739**	10,545
Due from a related party	16	**—**	197
Pledged deposits	13	**36,000**	—
Cash and bank balances	13	**966,501**	883,235
Total current assets		**1,174,974**	970,656
CURRENT LIABILITIES			
Trade and bills payables	17	**130,470**	22,967
Other payables and accruals	18	**62,049**	66,194
Tax payables		**14,513**	6,733
Interest-bearing bank loans	19	**125,900**	114,900
Due to a related party	16	**71**	71
Total current liabilities		**333,003**	210,865
NET CURRENT ASSETS		**841,971**	759,791
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,006,611**	902,062

	Notes	**2014**	2013
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Deferred tax liabilities	12	**3,174**	3,196
Other payables	18	**18,600**	27,900
Deferred income	20	**5,900**	—
Provision for rehabilitation	21	**11,712**	9,906
Total non-current liabilities		**39,386**	41,002
Net assets		**967,225**	861,060
EQUITY			
Equity attributable to owners of the Company			
Issued capital	22	**10,492**	10,492
Reserves		**956,733**	850,568
Total equity		**967,225**	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 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's principal place of business in Hong Kong is located at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

During the year, 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 year.

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. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB") and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap.32), in accordance with transitional and saving arrangements for the Part 9 of the Hong Kong Companies Ordinance (Cap.622), "Accounts and Audit", which are set out in section 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

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 the 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 year:

	2014		2013	
	RMB'000	*%*	*RMB'000*	*%*
One-side-polished slabs	**70,682**	**21**	77,963	56
Cut-to-size slabs	**234,707**	**68**	24,257	17
Marble blocks	**38,950**	**11**	37,555	27
	344,339	**100**	139,775	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 year. The geographical locations of customers are determined based on the locations at which the goods were delivered.

	2014	2013
	RMB'000	*RMB'000*
Domestic*:		
Mainland China	**321,539**	134,951
Overseas	**22,800**	4,824
	344,339	139,775

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

The Group's principal non-current assets are all located in Mainland China.

Information about major customers

Revenue from each of the major customers, which amounted to 10% or more of the total revenue, is set out below:

	2014	2013
	RMB'000	*RMB'000*
Customer A	**56,082**	*
Customer B	**50,774**	*

* Less than 10% of the total revenue.

4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2014	2013
	RMB'000	*RMB'000*
Bank interest income	**17,418**	2,138
Foreign exchange gain, net	**—**	1,873
Government grants	**2,315**	—
Deferred income released to profit or loss (note 20)	**105**	—
Miscellaneous	**67**	287
Total other income and gains	**19,905**	4,298

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2014	2013
	RMB'000	*RMB'000*
Interest on bank loans	**6,555**	1,941
Interest on bills receivable discounted (note 15)	**4,774**	—
Interest on payables relating to the purchase of mining rights	**1,698**	1,984
Unwinding of a discount for rehabilitation (note 21)	**671**	576
	13,698	4,501

6. PROFIT BEFORE TAX

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

	Notes	**2014** *RMB'000*	2013 *RMB'000*
Cost of inventories sold		**127,511**	56,597
Employee benefit expense:			
Wages and salaries		**41,554**	23,696
Equity-settled share option expense	23	**3,833**	17
Welfare and other benefits		**1,620**	1,476
Pension scheme contributions			
– Defined contribution fund		**2,968**	2,414
Housing fund			
– Defined contribution fund		**974**	1,182
Total employee benefit expense		**50,949**	28,785
Depreciation of items of property, plant and equipment		**4,887**	3,284
Amortisation of prepaid land lease payments		**266**	—
Amortisation of intangible assets		**936**	757
Depreciation and amortisation expenses		**6,089**	4,041
Minimum lease payments under operating leases:			
– Office		**3,616**	1,536
– Warehouses		**3,418**	2,870
– Parcels of land located at Shangsheng Village	10(a)	**819**	283
Auditors' remuneration		**3,231**	1,509
Listing fees expensed off		**—**	29,494
Foreign exchange loss/(gain), net		**3,380**	(1,873)
Write-off of payments in advance for software		**2,750**	—
Loss on disposal of items of property, plant and equipment		**1**	1
Bank interest income	4	**(17,418)**	(2,138)

7. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and BVI.

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 year.

Pursuant to the income tax rules and regulations in the PRC, the subsidiaries located in Mainland China are liable to PRC CIT at a rate of 25% on the assessable profits generated during the year.

The major components of income tax expense were as follows:

	2014	2013
	RMB'000	*RMB'000*
Current - Mainland China		
Charge for the year	**47,708**	12,489
Deferred (note 12)	**(5,823)**	231
	41,885	12,720

A reconciliation of the income tax expense and profit before tax at the applicable tax rate is as follows:

	2014	2013
	RMB'000	*RMB'000*
Profit before tax	**144,217**	12,318
Add: disallowed expenses incurred by the Company*	**11,960**	34,637
Profit before tax generated by Hong Kong and PRC subsidiaries	**156,177**	46,955
Tax at the respective statutory tax rates:		
– Mainland China subsidiaries, at 25%	**38,841**	10,448
– Hong Kong subsidiary, at 16.5%	**134**	852
Non-deductible expenses	**3,068**	211
Deferred tax assets not recognised		
– Deductible temporary differences	**—**	5,003
– Unused tax losses	**—**	133
Income not subject to tax	**(25)**	(997)
Utilised tax losses not recognised in previous years	**—**	(3,029)
Withholding income tax of 10% on interest paid by a Mainland China subsidiary to a Hong Kong subsidiary	**—**	99
Tax losses accumulated from previous period	**(133)**	—
Income tax expense	**41,885**	12,720

* Expenses incurred by the Company during the year mainly consist of equity-settled share option expense, consultancy service fees and foreign exchange losses incurred by the Company (2013: listing fees and equity-settled share option expense). These expenses are not expected to be tax deductible.

8. DIVIDENDS

The Board does not recommend payment of dividend to the ordinary equity holders of the Company for the year ended 31 December 2014 (2013: Nil).

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share for the year ended 31 December 2014 is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,333,334,000 (2013: 992,310,587) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 December 2014 and 2013 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings/(loss) per share amounts presented.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	**2014** ***RMB'000***	2013 *RMB'000*
Current portion:			
Prepayments in respect of:			
- Processing fee		**706**	—
- Office rental		**1,588**	141
- Warehouse rental		**1,641**	1,620
- Lease of parcels of land located at Shangsheng Village	(a)	**819**	819
- Prepaid land lease payments to be amortised within one year		**266**	—
- Purchase of materials and supplies		**1,293**	2,240
- Purchase of marble slabs	(b)	**17,128**	—
- Other		**165**	—
Deposits		**3,724**	2,338
Interest income receivables		**10,743**	1,033
Deductible input value-added tax		**1,281**	711
Other receivables		**1,385**	1,643
		40,739	10,545
Non-current portion:			
Prepayments in respect of			
- Lease of parcels of land located at Shangsheng Village	(a)	**10,325**	11,144
- Cultivated land used tax	(c)	**5,900**	—
		16,225	21,689

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 the villagers during each of the years ended 31 December 2012 and 2013, Jueshi Mining prepaid RMB2,134,000 and RMB10,146,000 in 2012 and 2013, respectively, for the rights to use the said parcels of land for a period of 15 years since the effective dates of the respective lease agreements.

(b) The balance represents prepayments made to independent third parties for purchasing different types of marble slabs.

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

	2014	2013
	RMB'000	*RMB'000*
In respect of the purchase of:		
Property, plant and equipment	**2,400**	5,116
Software	**—**	3,381
Prepaid land lease payments	**—**	2,671
	2,400	11,168

12. DEFERRED TAX

The movements in deferred tax assets and deferred tax liabilities during the year are as follows:

<u>Deferred tax assets</u>

	Provision for rehabilitation	Excess tax depreciation over book value of fixed assets	Accrued expenses	Unrealised profits from inter-company transaction	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2014	—	—	—	—	—
Deferred tax charged to profit or loss during the year (note 7)	312	61	4,630	798	5,801
At 31 December 2014	312	61	4,630	798	5,801

Deferred tax liabilities

	Fair value adjustment arising from business combination *RMB'000*	Excess book value of mining rights over tax amortisation *RMB'000*	Total *RMB'000*
At 1 January 2014	2,750	446	3,196
Deferred tax charged/(credited) to profit or loss during the year (note 7)	(321)	299	(22)
At 31 December 2014	2,429	745	3,174

Notes:

(a) Deferred tax assets and 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 31 January 2015, the net profit of Xiamen Huijin Stone during the year, 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 year 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 RMB106,043,000 (31 December 2013: RMB5,004,000).

13. RESTRICTED DEPOSITS, PLEDGED TIME DEPOSITS AND CASH AND BANK BALANCES

	2014	2013
	RMB'000	*RMB'000*
Cash on hand and cash at banks	**145,703**	711,437
Time deposits with original maturity of:		
-over three months	**858,500**	173,500
	1,004,203	884,937
Less:		
Restricted deposits for:		
- Environmental rehabilitation deposits	**(1,702)**	(1,702)
Pledged deposits for:		
- Bills payable	**(36,000)**	—
	966,501	883,235

At the end of the reporting period, the Group's cash and bank balances are denominated in the following currencies:

	2014	2013
	RMB'000	*RMB'000*
RMB	**1,003,906**	229,316
HK$	**113**	655,058
US$	**184**	563
	1,004,203	884,937

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between three months and six months, and earn interest at the respective deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

14. INVENTORIES

	2014	2013
	RMB'000	*RMB'000*
Finished goods	**62,407**	51,997
Work in progress	**6,699**	8,286
Materials and supplies	**792**	690
	69,898	60,973

As at 31 December 2013, marble blocks with carrying amount of RMB 11,341,000 were pledged as security for the Group's bank loans of RMB 49,000,000 (note 19).

15. TRADE RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**61,836**	15,706
	61,836	15,706

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**8,633**	10,791
1 to 3 months	**6,615**	4,758
3 to 6 months	**32,080**	157
6 to 12 months	**13,267**	—
Over 1 year	**1,241**	—
	61,836	15,706

As at 31 December 2014, trade receivables contained retention money receivables of RMB11,559,000 (2013: RMB565,000).

The Group's trading terms with its customers are mainly on credit, except for the new and minor customers, where payment in advance is normally required. The credit period is generally one month to nine months for major customers. There are 5% of the 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 not individually nor collectively considered to be impaired is as follows:

	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	**59,870**	15,549
Past due but not impaired:		
Less than 1 month past due	**812**	157
Over 1 month and less than 3 months past due	**292**	—
Over 3 months past due	**862**	—
	61,836	15,706

Trade receivables that were neither past due nor impaired relate 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 a number of 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 year, the Group has recognised interest expense of RMB4,774,000 (2013: Nil) (note 5) on discounted bills issued for intra-group transactions.

16. BALANCES WITH RELATED PARTIES

		2014	2013
	Note	***RMB'000***	*RMB'000*
Due from a related party:			
Non-trade in nature:			
– Liu's Group		**—**	197
Due to a related party:			
Non-trade in nature			
– Mr. Liu	(a)	**71**	71

Note:

(a) As at 31 December 2014, the 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.

17. TRADE AND BILLS PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**50,470**	22,967
Bills payable	**80,000**	—
	130,470	22,967

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**2,601**	9,146
1 to 2 months	**506**	2,610
2 to 3 months	**123**	1,791
Over 3 months	**127,240**	9,420
	130,470	22,967

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

As at 31 December 2014, the Group's bills payable of RMB40,000,000 and RMB20,000,000 were secured by pledged time deposits of RMB16,000,000 and RMB20,000,000 respectively, and jointly guaranteed by Jueshi Mining, and bills payable of RMB20,000,000 were guaranteed by Jueshi Mining.

As at 31 December 2014, the Group's bills payable of RMB80,000,000 relate to bills issued by the Group's subsidiary and were held by two banks.

18. OTHER PAYABLES AND ACCRUALS

	Note	**2014** *RMB'000*	2013 *RMB'000*
Current portion:			
Advances from customers		**28,843**	8,618
Payables relating to:			
Exploration and evaluation assets		**—**	1,279
Purchase of property, plant and equipment		**—**	1,263
Purchase of mining rights	(a)	**9,300**	9,300
Payroll and welfare		**10,639**	7,485
Professional fees		**3,864**	29,552
Taxes other than income tax		**432**	2,644
Mineral resources compensation fees		**3,136**	1,874
Advertisement fees		**382**	900
Distributors' earnest monies		**1,145**	790
Interest payables relating to:			
Bank loans		**305**	214
Purchase of mining rights	(a)	**3,084**	1,984
Others		**919**	291
		62,049	66,194
Non-current portion:			
Payables relating to:			
Purchase of mining rights	(a)	**18,600**	27,900
		18,600	27,900
		80,649	94,094

Note:

(a) The balances represent payables in connection with the purchase of mining rights to the Yongfeng Mine. Pursuant to the purchase contract, the remaining principal amount of RMB27,900,000 will be settled by equal annual instalments within the next three years from 1 March 2015 to 1 March 2017. The payables are unsecured and bear interest at a rate with reference to the prevailing interest rate with the similar repayment term promulgated by the People's Bank of China, i.e., 6.00% per annum.

Except for the payables as described, all other payables of the Group are non-interest-bearing and are normally settled on 30-day terms.

19. INTEREST-BEARING BANK LOANS

	Notes	**2014**	2013
		RMB'000	*RMB'000*
Repayable within one year:			
Secured bank loans	(a)	**—**	49,000
Unsecured bank loans	(b)	**125,900**	65,900
		125,900	114,900
Effective interest rate per annum (%)		**6.44 - 7.28**	5.88 - 7.84

(a) As at 31 December 2013, bank loans of RMB49,000,000 were secured by marble blocks with a carrying amount of RMB11,341,000.

(b) As at 31 December 2014, bank loans of Xiamen Huijin Stone of RMB125,900,000 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.

20. DEFERRED INCOME

	RMB'000
Government grant	
At 1 January 2014	—
Government grant related to assets received during the year	6,005
Released to profit or loss (note 4)	(105)
At 31 December 2014	5,900

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

21. PROVISION FOR REHABILITATION

	2014	2013
	RMB'000	*RMB'000*
At the beginning of year	**9,906**	176
Additions	**1,135**	9,154
Unwinding of a discount (note 5)	**671**	576
At the end of year	**11,712**	9,906

22. SHARE CAPITAL

	2014	2013
	RMB'000	*RMB'000*
Authorised:		
3,000,000,000 ordinary shares of HK$0.01 each (2013: 3,000,000,000 ordinary shares of HK$0.01 each)	**23,651**	23,651
Issued and fully paid:		
1,333,334,000 ordinary shares of HK$0.01 each (2013: 1,333,334,000 ordinary shares of HK$0.01 each)	**10,492**	10,492

23. SHARE OPTION SCHEMES

On 9 December 2013, the Company has 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, executives, officers or Directors (including independent non-executive Directors). The Pre-IPO Share Option Scheme will remain in force for 42 months from the date of listing 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 year:

	Notes	Exercise price HK$ per share	Number of options
As at 1 January 2014	(a)	2.39	16,666,675
Forfeited during the year	(b)	*	(4,666,669)
As at 31 December 2014			12,000,006

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 two eligible participants under the Pre-IPO Share Option Scheme were forfeited following their resignation during the year ended 31 December 2014.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2014:

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

2013:

Number of options	Exercise price HK$ per share	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 during the Pre-IPO Share Option Scheme was HK$12,056,000 (equivalent to approximately RMB9,487,000) or approximately HK$1.00 each (equivalent to approximately RMB0.79 each), of which the Group recognised a share option expense of HK$4,871,000 (equivalent to approximately RMB3,833,000) during the year ended 31 December 2014 (2013: RMB17,000).

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

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

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

At the end of the reporting period, the Company had 12,000,006 share options outstanding under the Pre-IPO Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 12,000,006 additional ordinary shares of the Company and additional share capital of HK$120,000 and share premium of HK$28,560,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 12,000,006 share options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 0.9% of the Company's shares in issue as at that date.

24. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2014	2013
	RMB'000	*RMB'000*
Contracted, but not provided for:		
- Plant and equipment	**10,308**	8,078
- Intangible assets	**60**	1,762
- Prepaid land lease payments	**—**	10,122
	10,368	19,962

MANAGEMENT DISCUSSION AND ANALYSIS

In February 2013, the Group launched large-scale commercial production at Yongfeng Mine situated in Jiangxi Province in China. In 2014, the Group has extracted a total of 44,094 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 in North #1 mining areas and six benches in North #4 mining areas. Benefiting from a favourable geographical environment, the ideal geological conditions of Yongfeng Mine and based on the good goological conditions which we laid on our mines, we are very confident in the mining of Yongfeng Mine in the future.

As at 31 December 2014, the Group has a network of 100 distributors, covering 87 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 first half of 2014. The first stone experience store of the Company was opened at the end of 2013 in Xiamen and ArtMore Esthetic Life Store will also be opened in the first half of 2015 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.

Resources and Reserves

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

Holder	Jiangxi Jueshi (Yongfeng) Mining Co., Ltd. ("Jueshi Mining") (our subsidiary)
Nature of resource	marble
Covered area	approximately 2.0 square 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 RMB27.9 million plus interest settled by equal annual installments within the next three years from 1 March 2015 to 1 March 2017. The first installment was paid by the Group's own funds as the pay fell due in March 2014.

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

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

Reserves	Millions of cubic meters
Proved	23.1
Probable	21.0
Total	44.1

The Estimated Resources and Reserves as of 31 December 2014 were arrived at taking into account the Estimated Resources and Reserves as of 30 September 2013 minus the amount of extraction in the course of the Group normal and routine mining activities carried out during the period from 1 October 2013 to 31 December 2014 and have been substantiated by the following two persons: (i) Mr. NIE Zhiqiang, the vice president of Jueshi Mining, our wholly-owned subsidiary, who has over 20 years of experience in mining production (including exploration and extraction process); and (ii) Mr. LI Dingcheng, our executive director, who has over 24 years of experience in the mineral and geological exploration industry and holding a bachelor's degree in engineering, majoring in geology and mineral resources survey and titled senior engineer. For details of the biographical information of Mr. LI Dingcheng and Mr. NIE Zhiqiang, please refer to the prospectus of the Company dated 16 December 2013 (the "Prospectus").

The Estimated Resources and Reserves as of both 30 September 2013 (as disclosed in the Prospectus) and 31 December 2014 (as disclosed in this announcement) were based on the resources and reserves under the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (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 31 December 2014 were identical.

The Company did not have exploration activities in 2014, and the capital expenditure of Yongfeng Mine was RMB4.7 million, which mainly represented the capital expenditure of mining road, North #4 platform, and other property, plant and equipment.

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

In 2014, the Group recorded an operating revenue of approximately RMB344.3 million, representing an increase of approximately RMB204.5 million compared to 2013, mainly due to: (i) eight of eleven corporate customers who engaged in real estate and hotel development and signed sales contracts with the Group in 2013, contributed revenue of approximately RMB191.9 million during the year; and (ii) our distribution network increased from 69 distributors as at 31 December 2013 to 100 distributors as of 31 December 2014.

(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:

	2014			2013		
		Approximate percentage	***Gross profit margin***		*Approximate percentage*	*Gross profit margin*
	RMB'000	***%***	***%***	*RMB'000*	*%*	*%*
Marble blocks	**38,950**	**11.3**	**88.0**	37,555	26.9	85.1
One-side-polished slabs	**70,682**	**20.5**	**55.7**	77,963	55.8	51.7
Cut-to-size slabs	**234,707**	**68.2**	**61.0**	24,257	17.3	45.2
Total	**344,339**	**100.0**	**63.0**	139,775	100.0	59.5

(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:

	2014	2013
Sales volume		
Marble blocks (m^3)	**7,365**	6,570
One-side-polished slabs (m^2)	**315,883**	356,383
Cut-to-size slabs (m^2)	**576,286**	78,579
Average selling price		
Marble blocks (RMB/m^3)	**5,288.5**	5,716.1
One-side-polished slabs (RMB/m^2)	**223.8**	218.8
Cut-to-size slabs (RMB/m^2)	**407.3**	308.7

The unit selling price of marble blocks decreased approximately 7.5% compared to 2013. Along with further consolidation and expansion of sales channels, products of different shape and size are popular to customers (including those with a shape and size smaller than regular ones). In order to satisfy the market demand, the Group set more competitive selling pricing according to the corresponding shape and size, and selling price decreased as a result.

The unit selling price of one-side-polished slabs increased approximately 2.3% compared to 2013. The marble products of the Group are compatible with the international well-known brands and upside potential available, the price will be gradually raised.

The unit selling price of cut-to-sized slabs increased approximately 31.9% comparing to 2013. The success in exploration of corporate customers led to the continuous increase in sales revenue and selling price.

(c) Sales by Sales Channels

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

	2014		2013	
	RMB'000	***Approximate percentage***	*RMB'000*	*Approximate percentage*
Sales to distributors	**45,094**	**14.0%**	50,199	37.2%
Direct sales	**276,445**	**86.0%**	84,752	62.8%
	321,539	**100.0%**	134,951	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 in 2014 were fruitful and outstanding. The share which direct sales accounted for domestic revenue increased by 23.2% compared to that of 2013.

Cost of Sales

The Group's cost of sales amounted to approximately RMB127.5 million, including, processing costs, which represented approximately 51.3% of the cost of sales; marble blocks mining costs, which represented approximately 34.7% of the cost of sales; transportation costs, which represented approximately 9.5% of the cost of sales, and other costs, which represented approximately 4.5% of the cost of sales. The increase in cost of sales in 2014 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 2014 were approximately RMB61.0, compared to the processing fees of approximately RMB64.0 in 2013. The further processing fees per unit of cut-to-size slabs were approximately RMB25.0, compared to the processing fees of approximately RMB34.0 in 2013. The processing fees per unit of both one-side polished slabs and cut-to-size slabs decreased in 2014, 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 2014, marble blocks mining costs of the Group mainly included mining labour costs, materials consumption, fuel, power, 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 25.3% compared to 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 9.5% and 10.4% of the production costs for 2014 and 2013 respectively.

Gross Profit and Gross Profit Margin

The gross profit of the Group in 2014 increased by approximately RMB133.6 million as compared to 2013. The gross profit margin in 2014 was approximately 63.0%, while the gross profit margin in 2013 was approximately 59.5%. 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 cut-to-size slabs with higher gross profit margin.

Other Income and Gains

Other income and gains mainly included interest income from bank deposits and government grants. Interest income amounted to approximately RMB17.4 million and government grants amounted to approximately RMB2.3 million in 2014.

Other Expenses

Other expenses mainly included foreign exchange loss, write off of payments in advance in respect of software, bank charges and donation to local charity. In 2014, foreign exchange loss amounted to approximately RMB3.4 million, write off of payments in advance in respect of software amounted to approximately RMB2.8 million, bank charges amounted to approximately RMB0.6 million and donation to local charity amounted to approximately RMB0.5 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 RMB27.5 million, representing approximately 8.0% of the revenue of 2014, while the selling and distribution expenses of approximately RMB24.5 million in 2013 accounted for approximately 17.5% of the revenue of 2013. The selling and distribution expenses in 2014 were similar to 2013, while the accounted percentage of the revenue decreased significantly. On the one hand, the enhancement and development of sales channels resulted in significant increase in revenue, leading to the decreased proportion of sales revenue. On the other hand, the Group has established a good brand upon continuing investment in advertising and good quality. The advertisement and promotion input for the year was RMB2.6 million. Meanwhile, the Group continued to make efforts on expense control and strived to exercise the maximum economic effect, also resulting in the decreased expense.

Administrative Expenses

Administrative expenses, mainly comprised of salaries of administrative staff, consultation fees of advisors, amortization of share option scheme and mineral resources compensation fee, were RMB43.0 million, accounting for approximately 12.5% of the revenue of 2014. The administrative expenses were approximately RMB45.6 million in 2013, accounting for approximately 32.6% of the revenue of 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 amounted to 13.7 million and increased by approximately RMB9.2 million compared to 2013. The increase was mainly attributable to: (i) interests on bank loans increased by RMB4.7 million as a result of average bank loans balance; (ii) interest on bill receivables discounted increased by RMB4.8 million.

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 31 December 2014, the total amount of full-time employee of the Group was 344 (31 December 2013: 368). Employee costs (including the Directors' remunerations) totally amounted to approximately RMB50.9 million for 2014 (2013: approximately RMB28.7 million). Taking into account of the strategic goal of the Group, operating results, efforts and contributions made by each of our 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 their qualifications and abilities, and makes adjustment according to varied percentage. Accordingly, the staff costs had a significant increase in 2014. 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. In 2014, the contributions of approximately RMB3.0 million (2013: approximately RMB2.4 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 RMB12.7 million in 2013 to approximately RMB41.9 million in 2014, mainly due to the taxable profits generated by the Group's subsidiaries in Mainland China.

Profits/(Loss) and Total Comprehensive Income/(Loss) Attributable to Owners of the Company

Net profits attributable to owners of the Company during 2014 amounted to approximately RMB102.3 million, compared to the net loss of approximately RMB0.4 million in 2013. The significantly increased net profits were in line with the increase of revenue in 2014.

Net Cash Flows from Operating Activities

Net cash inflows generated from operating activities for 2014 were approximately RMB133.6 million (2013: net inflow of approximately RMB14.4 million), primarily due to: (i) a profit before tax of approximately RMB144.2 million; (ii) an increase in trade payables and bills payables of approximately RMB107.5 million. Net cash inflows from operating activities were partially offset by: (i) trade receivables increased by approximately RMB46.1 million; (ii) prepayments, deposits and other receivables increased by approximately RMB25.3 million; and (iii) inventories increased by approximately RMB8.9 million.

Net Cash Flows used in Investing Activities

Net cash flows used in investing activities in 2014 were approximately RMB746.3 million (2013: approximately RMB175.4 million), which primarily included: (i) payment for time deposits with a term of over three months of RMB685.0 million, in order to improve capital efficiency; (ii) pledged time deposit increased by approximately RMB36.0 million; (iii) prepaid land lease payment amounted to approximately RMB10.6 million; (iv) the payment of purchase of property, plant and equipment amounted to RMB9.6 million; and (v) the payment of installment for the acquisition of mining right with an amount of approximately RMB9.3 million.

Net Cash Flows from Financing Activities

Net cash inflows generated from financing activities in 2014 were approximately RMB11.0 million (2013: net inflow of approximately RMB718.7 million). During the year, the Group borrowed bank loans of RMB194.9 million and repaid bank loans of RMB183.9 million.

Inventories and Turnover Days

The Group's inventories increased by approximately 14.6%, from approximately RMB61.0 million as at 31 December 2013 to approximately RMB69.9 million as at 31 December 2014. It was primarily due to an increase in stock of marble block. The inventory turnover days decreased from 217 in 2013 to 187 in 2014. 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 Receivables and Turnover Days

The Group's trade receivables increased from approximately RMB15.7 million as at 31 December 2013 to approximately RMB61.8 million as at 31 December 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 in 2014 were 33 days. The increase in trade receivables turnover days was primarily due to the grant of credit period ranging from three to nine months to our major customers.

Trade and Bills Payables

The Group's trade and bills payables increased from approximately RMB23.0 million as at 31 December 2013 by approximately RMB107.5 million to approximately RMB130.5 million as at 31 December 2014, which was primarily due to issuing bills of RMB80.0 million to settle intra-group transactions in 2014.

Net Current Assets

Net current assets of the Group increased from approximately RMB759.8 million as at 31 December 2013 by 10.8% to approximately RMB842.0 million as at 31 December 2014, which was primarily due to the net profit realised in 2014.

Current Ratio

The current ratio, being current assets over current liabilities, was 3.5 as at 31 December 2014 (31 December 2013: 4.6). The current ratio decreased primarily due to increases in trade and bills payables and bank loans.

Borrowings

The Group generally finances its operations with internally generated cash flows and banking credit facilities. As at 31 December 2014, the Group had total bank loans of RMB125.9 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 31 December 2014 and 31 December 2013, the Group's cash and bank balances exceeded the interest bearing bank loans, respectively. As such, no gearing ratios as at 31 December 2014 and 31 December 2013 are presented.

Capital Expenditure

The Group's ability to maintain and increase its sales and profits depends upon continued capital spending. Capital expenditures are used to purchase mining rights, land, property, plant and equipment. In 2014, the Group's expenditure for: (i) purchase of property, plant and equipment aggregated to approximately RMB9.6 million; (ii) for the installment of acquisition of mining right aggregated approximately RMB9.3 million; and (iii) prepaid land lease payments aggregated 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 of Directors (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 year.

Pledge of Assets

As at 31 December 2014, the Group pledged time deposits of approximately RMB36.0 million (31 December 2013: nil) to issue bills for the intra-group transactions.

Capital Commitments and Contingent Liabilities

As at 31 December 2014, the Group had capital commitments of approximately RMB10.4 million for acquisition of property, plant and equipment and intangible assets, which were contracted but not provided for. As at 31 December 2013, the capital commitment of the Group was RMB 20.0 million. As at 31 December 2014, the Group had no material contingent liabilities.

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

The net proceeds from the Company's listing and issue of new shares of the Company 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. During 2014, the utilized net proceeds were approximately RMB29.8 million (details as follow) and the remaining proceeds as at 31 December 2014 were approximately RMB625.7 million and they were deposited with licensed banks as time deposits in Mainland China and Hong Kong respectively.

	Remaining as at 31 December 2014 RMB million	**Utilised for the year RMB million**
Working capital and other general corporate purposes	56.4	9.2
Expansion of sales channels	63.0	2.6
Capital expenditure of Yongfeng Mine	257.4	4.7
Construction of slab processing facilities	183.3	13.3
Acquisition of marble resources	65.6	—
Total	625.7	29.8

MAJOR ACQUISITION AND DISPOSAL OF ASSETS AND MERGER

For the year ended 31 December 2014, the Group did not carry out any major acquisition and disposal of assets and merger during the year.

OTHER INFORMATION

Share Capital

The total amount of authorised share capital of the Company is HK$30,000,000 divided into 3,000,000,000 ordinary shares of HK$0.01 each, with 1,333,334,000 ordinary shares in issue. During the year of 2014, the share capital of the Company remained unchanged.

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.

Closure of Register of Members

The register of members of the Company will be closed from Friday, 12 June 2015 to Tuesday, 16 June 2015 (both dates inclusive,) during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 11 June 2015.

Purchase, Redemption or Sale of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities throughout the year ended 31 December 2014.

Major Subsequent Events

On 27 February 2015, the Group passed the special resolution to change the Company's English name to "ArtGo Holdings Limited" with its Chinese name changing to "雅高控股有限公司"at the extraordinary general meeting. The Registrar of Companies in the Cayman Islands has issued a Certificate of Incorporation on Change of Name on 2 March 2015 confirming the change of name of the Company as mentioned above with effect from 27 February 2015. The Company has filed relevant documents with the Companies Registry in Hong Kong and is waiting for the relevant Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company to be issued by the Companies Registry in Hong Kong, and subject to the approval from The Stock Exchange of Hong Kong Limited (the "Stock Exchange") approving the change of stock short name of the Company, a further announcement in respect of the effective date of the change of company name and the new stock short name of the Company will be made in due course.

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 Rules Governing the Listing of Securities on the Stock Exchange (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 year ended 31 December 2014. The Company has also established the written guidelines no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by relevant employees of the Company. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company.

The Company was informed by Mr. Liu Chuanjia ("Mr. Liu"), the Chairman, an executive Director and the controlling shareholder of the Company, that on 29 January 2015 and 5 March 2015, which dates fall within the blackout period, he charged 526,000,000 shares and 152,127,548 shares of the Company respectively held by Liu Investment Development Holdings Group Limited (a company wholly owned by Mr. Liu) as security for his own loan facilities granted by two independent third parties. Disclosure on the aforesaid creation of security interests over shares held by Liu Investment Development Holdings Group Limited (the "Relevant Share Charges") were made on 13 February 2015 and 17 March 2015. According to the Model Code, "dealing" includes, among other things, creation of pledge, charge or any other security interest in any securities of the Company. The creation of the Relevant Share Charges was therefore caught under the definition of "dealing" in the shares of the Company for the purpose of the Model Code. Moreover, Mr. Liu did not notify the Board at a Board meeting or notify a Director (otherwise than himself) designated by the Board, in writing before making the Relevant Share Charges, nor did Mr. Liu receive a dated written acknowledgment from the Company as required by Rule B.8 of the Model Code. Hence, the creation of the Relevant Share Charges is not in compliance with Rules A3(a) (i) and B.8 of the Model Code. Mr. Liu informed the Company that the above incident resulted from his misunderstanding on the meaning of "dealing" and other requirements under the Model Code. After occurrence of the incident, the Company had immediately further reminded its Directors in relation to their obligations not to deal with the securities of the Company during the blackout period and the requirement under Rule B.8 of the Model Code. An independent board committee (the "**Committee**") comprising three independent non-executive Directors, namely Liu Jianhua, Wang Hengzhong and Jin Sheng, was set up to review this incident and to take remedial actions to further reinforce the Company's internal control to prevent the occurrence of similar events in future. Based on facts and findings of the Committee, the Committee considers that this was an isolation incident which mainly caused by Mr. Liu's misunderstanding on the meaning of "dealing" and other requirements under the Model Code. The Committee recommended that the Company shall (i) conduct regular reviews of internal control on Directors' compliance of the Model Code and (ii) reinforce corporate governance through continuous training for the Directors and staff to avoid occurrence of similar events in the future.

Dividend

The Board does not recommand payment of final dividend for the year ended 31 December 2014 (2013: Nil).

Audit Committee

The Company established the Audit Committee on 9 December 2013 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "CG Code"). The Audit Committee under the Board comprises three independent non-executive Directors, namely Mr. Wang Hengzhong (as chairman), Mr. Jin Sheng and Mr. Liu Jianhua. The Audit Committee has, in conjunction with management of the Company, reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters. The Audit Committee has reviewed the Company's annual results for the year ended 31 December 2014.

Corporate Governance Code

The Company is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and to enhance the corporate value, accountability and transparency of the Company.

The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the CG Code.

In order to enhance the Company's corporate governance practices and enable the Company to comply with the code provision A.2.1 in the CG Code which provides (among other matters) that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual, the Company separates the roles of the Chairman and the Chief Executive Officer by appointing Mr. Wu Wenzhen to replace Mr. Liu Chuanjia as the Chief Executive Officer with effect from 12 December 2014. Mr. Liu has resigned as the Chief Executive Officer with effect from the same date but remained as an executive Director and the Chairman of the Board.

During the period from 1 January 2014 to 11 December 2014, except for the deviation from code provision A.2.1 of the CG Code, the Company had complied with the applicable code provisions of the CG Code and with effect from the date of change of Chief Executive Officer, the Company had complied with all the code provisions of the CG Code and throughout the period to the date of publication of this announcement.

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

Publication of Final Results Announcement and 2014 Annual Report

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.artgo.cn). The annual report for the year ended 31 December 2014 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, 18 March 2015

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