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Future Bright Mining Holdings Limited

高鵬礦業控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2212)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the “**Board**”) of directors (the “**Directors**”) of Future Bright Mining Holdings Limited (the “**Company**”) hereby presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2020 (the “**Period**”) together with the comparative figures for the corresponding period in 2019 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

		2020	2019
		(unaudited)	(unaudited)
	<i>Notes</i>	RMB'000	RMB'000
CONTINUING OPERATIONS			
REVENUE	4	2,692	1,100
Cost of sales		<u>(1,675)</u>	<u>(2,012)</u>
Gross profit/(loss)		1,017	(912)
Other income and gains	5	369	806
Selling and distribution expenses		(130)	(8)
Administrative expenses		(6,440)	(9,739)
Reversal of impairment losses on financial assets, net		8	1,320
Losses on change in fair value of financial assets at fair value through profit or loss		(840)	(2,338)
Other expenses		(1,647)	(1,174)
Finance costs	6	<u>(133)</u>	<u>(234)</u>

		2020 (unaudited) RMB'000	2019 (unaudited) RMB'000
	<i>Notes</i>		
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	7	(7,796)	(12,279)
Income tax credit/(expense)	8	<u>76</u>	<u>(232)</u>
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		<u>(7,720)</u>	<u>(12,511)</u>
DISCONTINUED OPERATIONS			
Profit for the Period from a discontinued operation	9	<u>–</u>	<u>125</u>
LOSS FOR THE PERIOD		<u>(7,720)</u>	<u>(12,386)</u>
Attributable to:			
Owners of the Company		(7,693)	(11,639)
Non-controlling interests		<u>(27)</u>	<u>(747)</u>
		<u>(7,720)</u>	<u>(12,386)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted			
– For loss for the Period	10	<u>RMB0.20 cents</u>	<u>RMB0.30 cents</u>
– For loss from continuing operations		<u>RMB0.20 cents</u>	<u>RMB0.30 cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	2020 (unaudited) RMB'000	2019 (unaudited) RMB'000
LOSS FOR THE PERIOD	<u>(7,720)</u>	<u>(12,386)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>1,690</u>	<u>463</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>1,690</u>	<u>463</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(6,030)</u>	<u>(11,923)</u>
Attributable to:		
Owners of the Company	(6,003)	(11,202)
Non-controlling interests	<u>(27)</u>	<u>(721)</u>
	<u>(6,030)</u>	<u>(11,923)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2020

		30 June 2020 (unaudited) RMB'000	31 December 2019 (audited) RMB'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	12	9,580	9,367
Right-of-use assets	12	1,611	2,888
Long-term prepayments	12	123	162
Other intangible assets	12	20,847	21,210
Total non-current assets		32,161	33,627
CURRENT ASSETS			
Inventories		2,568	80
Trade receivables	13	5,572	3,885
Prepayments, other receivables and other assets	14	18,015	1,982
Financial assets at fair value through profit or loss		263	1,861
Cash and cash equivalents		10,922	31,898
Total current assets		37,340	39,706
CURRENT LIABILITIES			
Trade payables	15	1,510	487
Other payables and accruals		4,313	2,030
Lease liabilities	16	1,562	2,258
Total current liabilities		7,385	4,775
NET CURRENT ASSETS		29,955	34,931
TOTAL ASSETS LESS CURRENT LIABILITIES		62,116	68,558

		30 June 2020 (unaudited) RMB'000	31 December 2019 (audited) RMB'000
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Lease liabilities	16	19	384
Deferred tax liabilities		3,935	4,011
Provision for rehabilitation	17	1,305	1,262
Total non-current liabilities		5,259	5,657
Net assets		56,857	62,901
EQUITY			
Equity attributable to owners of the Company			
Share capital	18	3,087	3,087
Reserves		55,471	61,488
		58,558	64,575
Non-controlling interests		(1,701)	(1,674)
Total equity		56,857	62,901

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 23 August 2013 under the Companies Law, Chapter 22 of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the six months ended 30 June 2020 (the “**Period**”), the Group was involved in the following principal activities:

- excavate and sale of marble blocks;
- production and sale of marble related products; and
- trading of mineral commodities.

In the opinion of the directors, the holding company of the Company is Zhong Ke Jiu Tai Technology Group Limited, a private company incorporated in Hong Kong, and the ultimate controlling shareholder of the Company is Mr. Li Yuguo.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“**IAS 34**”). The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2019.

2.2 New standards, interpretations and amendment adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new and revised International Financial Reporting Standards (“**IFRSs**”) effective as of 1 January 2020.

Amendments to IFRS 3

Definition of a Business

Amendments to IFRS 9, IAS 39 and IFRS 7

Interest Rate Benchmark Reform

Amendments to IAS 1 and IAS 8

Definition of Material

The adoption of these amendments to IFRSs does not have a material impact on the interim condensed consolidated financial statements of the Group. The Group has not early adopted any other standards, interpretation or amendments that have been issued but are not yet effective.

3. OPERATING SEGMENT INFORMATION

Six months ended 30 June 2020

	Marble blocks (unaudited) RMB'000	Commodity trading (unaudited) RMB'000	Total (unaudited) RMB'000
Segment revenue:			
Sales to external customers	<u>2,692</u>	<u>–</u>	<u>2,692</u>
Revenue from continuing operations			<u><u>2,692</u></u>
Segment results	272	(2,111)	(1,839)
<i>Reconciliation:</i>			
Interest income			20
Finance costs (Other than interest on lease liabilities)			(43)
Corporate and other unallocated expenses			<u>(5,934)</u>
Loss before tax from continuing operations			<u><u>(7,796)</u></u>

Six months ended 30 June 2019

	Marble blocks (unaudited) RMB'000	Commodity trading (unaudited) RMB'000	Total (unaudited) RMB'000
Segment revenue:			
Sales to external customers	<u>1,100</u>	<u>–</u>	<u>1,100</u>
Revenue from continuing operations			<u><u>1,100</u></u>
Segment results	(1,625)	(3,533)	(5,158)
<i>Reconciliation:</i>			
Interest income			27
Finance costs (Other than interest on lease liabilities)			(40)
Corporate and other unallocated expenses			<u>(7,108)</u>
Loss before tax from continuing operations			<u><u>(12,279)</u></u>

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2020 and 31 December 2019, respectively.

30 June 2020

	Marble blocks (unaudited) RMB'000	Commodity trading (unaudited) RMB'000	Total (unaudited) RMB'000
Segment assets:	47,926	24,316	72,242
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(21,287)
Corporate and other unallocated assets			<u>18,546</u>
Total assets			<u>69,501</u>
Segment liabilities:	27,531	1,177	28,708
<i>Reconciliation:</i>			
Elimination of intersegment payables			(21,287)
Corporate and other unallocated liabilities			<u>5,223</u>
Total liabilities			<u>12,644</u>

31 December 2019

	Marble blocks (audited) RMB'000	Commodity trading (audited) RMB'000	Total (audited) RMB'000
Segment assets:	34,408	20,532	54,940
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(15,358)
Corporate and other unallocated assets			<u>33,751</u>
Total assets			<u>73,333</u>
Segment liabilities:	20,205	1,241	21,446
<i>Reconciliation:</i>			
Elimination of intersegment payables			(15,358)
Corporate and other unallocated liabilities			<u>4,344</u>
Total liabilities			<u>10,432</u>

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000

Revenue from contracts with customers

Sale of goods	2,692	1,100
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Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2020

Segments	Marble blocks (unaudited) RMB'000	Commodity trading (unaudited) RMB'000	Total (unaudited) RMB'000
Type of goods or services			
Sale of goods	2,692	–	2,692
Geographical markets			
Mainland China	2,692	–	2,692
Timing of revenue recognition			
Goods transferred at a point in time	2,692	–	2,692

For the six months ended 30 June 2019

Segments	Marble blocks (unaudited) RMB'000	Commodity trading (unaudited) RMB'000	Total (unaudited) RMB'000
Type of goods or services			
Sale of goods	1,100	–	1,100
Geographical markets			
Mainland China	1,100	–	1,100
Timing of revenue recognition			
Goods transferred at a point in time	1,100	–	1,100

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the six months ended 30 June 2020

Segments	Marble blocks (unaudited) RMB'000	Commodity trading (unaudited) RMB'000	Total (unaudited) RMB'000
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Revenue from contracts with customers

External customers	<u>2,692</u>	<u>–</u>	<u>2,692</u>
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For the six months ended 30 June 2019

Segments	Marble blocks (unaudited) RMB'000	Commodity trading (unaudited) RMB'000	Total (unaudited) RMB'000
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Revenue from contracts with customers

External customers	<u>1,100</u>	<u>–</u>	<u>1,100</u>
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5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Bank interest income	20	27
Foreign exchange gains	–	344
Government subsidies related to employment	39	–
Rendering of services	–	374
Rental of production machineries	191	–
Others	119	61
	<u>369</u>	<u>806</u>

6. FINANCE COSTS

	For the six months ended 30 June	
	2020 (unaudited) RMB'000	2019 (unaudited) RMB'000
Interest on lease liabilities	90	194
Unwinding of discount (<i>Note 17</i>)	43	40
	<u>133</u>	<u>234</u>

7. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2020 (unaudited) RMB'000	2019 (unaudited) RMB'000
Cost of inventories sold	1,675	2,012
Staff costs (including directors' emoluments)		
Wages and salaries	3,218	3,650
Pension scheme contributions	90	183
	<u>3,308</u>	<u>3,833</u>
Auditor's remuneration	–	550
Amortisation of other intangible assets* (<i>Note 12</i>)	363	68
Amortisation of long-term prepayments* (<i>Note 12</i>)	42	78
Amortisation of right-of-use assets (<i>Note 12</i>)	1,312	1,222
Depreciation of property, plant and equipment* (<i>Note 12</i>)	441	981
Losses on change in fair value of financial assets at fair value through profit or loss	840	2,338
Foreign exchange difference, net	1,447	(344)
Loss on disposal of property, plant and equipment	63	6
Loss on disposal of long-term prepayments	1	–
Reversal of impairment losses on trade receivables, net (<i>Note 13</i>)	(8)	(1,442)
Impairment losses on other receivables	–	122
Reversal of impairment losses on long-term prepayments	(4)	–
Write-down of inventories to net realisable value	–	1,000
Losses on disposal of subsidiaries	<u>–</u>	<u>132</u>

* The amortisation of other intangible assets, partial amortisation and depreciation of long-term prepayments and property, plant and equipment for the Period and prior period is included in "Cost of inventories sold" in profit or loss or "Inventories" in the consolidated statement of financial position.

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Period.

Provision for the PRC corporate income tax (“CIT”) is based on the CIT rate applicable to the subsidiary located in Mainland China as determined in accordance with the relevant income tax rules and regulations of the PRC for the Period. The Group’s subsidiary located in Mainland China is subject to the PRC CIT rate of 25% during the Period.

The major components of income tax (credit)/expense for the Period are as follows:

	For the six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	RMB’000	RMB’000
Current — Mainland China		
Provision for the Period	—	—
Deferred	<u>(76)</u>	<u>232</u>
Total tax (credit)/expenses for the Period from continuing operations	(76)	232
Total tax expenses for the Period from a discontinued operation	<u>—</u>	<u>—</u>
	<u>(76)</u>	<u>232</u>

9. DISCONTINUED OPERATION

On 20 March 2019, the Company announced the decision of its board of directors to dispose of Future Bright Finance Limited (“**FB Finance**”) which was engaged in the money lending business as the Group decided to focus on its mining business. The disposal of FB Finance was completed on 30 May 2019 and thus the money lending business was classified as a discontinued operation for the six months ended 30 June 2019.

The results of FB Finance for the six months ended 30 June 2019 are presented below:

	30 June 2019 (unaudited) RMB'000
Other income	–
Expenses	<u>(173)</u>
Loss before tax from the discontinued operation	(173)
Gain on disposal of the discontinued operation	<u>298</u>
Profit for the period from the discontinued operation	<u><u>125</u></u>

There was no discontinued operation for the Period.

The net cash flows generated from the disposal of FB Finance are as follows:

	30 June 2019 (unaudited) RMB'000
Cash received from disposal of the discontinued operation	8,776
Cash and bank balances disposed of	<u>(30)</u>
	<u><u>8,746</u></u>

The net cash flows incurred by FB Finance are as follows:

	30 June 2019 (unaudited) RMB'000
Operating activities	(173)
Investing activities	<u>–</u>
Net cash outflow	<u>(173)</u>
Earnings per share:	
Basic and diluted, from the discontinued operation	<u><u>RMB0.003 cents</u></u>

There was no discontinued operation of the Period.

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

	30 June 2019 (unaudited) RMB'000
Profit attributable to ordinary equity holders of the Company from the discontinued operation	125
Weighted average number of ordinary shares in issue during the period	<u>3,870,000,000</u>

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

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 3,870,000,000 (six months ended 30 June 2019: 3,870,000,000) in issue during the Period.

The basic and diluted loss per share are the same as there is no potentially dilutive ordinary shares in issue for the six months ended 30 June 2020 and 2019.

The calculations of basic and diluted loss per share are based on:

	For the six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Loss		
Loss attributable to ordinary equity holders of the Company	<u>(7,693)</u>	<u>(11,639)</u>
	Number of shares For the six months ended 30 June	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the Period used in the basic loss per share calculation	<u>3,870,000,000</u>	<u>3,870,000,000</u>

11. DIVIDEND

The Board did not declare or recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

12. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS, LONG-TERM PREPAYMENTS AND OTHER INTANGIBLE ASSETS

Movements in property, plant and equipment, right-of-use assets, long-term prepayments and other intangible assets during the six months ended 30 June 2020 are as follows:

	Property, plant and equipment <i>RMB'000</i>	Right- of-use assets <i>RMB'000</i>	Long-term prepayments <i>RMB'000</i>	Other Intangible assets <i>RMB'000</i>
Carrying amount at 1 January 2020 (audited)	9,367	2,888	162	21,210
Additions	704	–	–	–
Disposals	(63)	–	(1)	–
Depreciation/amortisation charged for the Period	(441)	(1,312)	(42)	(363)
Reversal of impairment losses	–	–	4	–
Exchange realignment	13	35	–	–
	<u>9,580</u>	<u>1,611</u>	<u>123</u>	<u>20,847</u>
Carrying amount at 30 June 2020 (unaudited)	<u>9,580</u>	<u>1,611</u>	<u>123</u>	<u>20,847</u>

13. TRADE RECEIVABLES

	30 June 2020 (unaudited) <i>RMB'000</i>	31 December 2019 (audited) <i>RMB'000</i>
Trade receivables	11,382	9,703
Impairment	<u>(5,810)</u>	<u>(5,818)</u>
Total	<u>5,572</u>	<u>3,885</u>

The ageing analysis of trade receivables, based on the revenue recognition date, is as follows:

	30 June 2020 (unaudited) <i>RMB'000</i>	31 December 2019 (audited) <i>RMB'000</i>
Within 6 months	2,910	3,885
6 to 12 months	<u>2,662</u>	<u>–</u>
Total	<u>5,572</u>	<u>3,885</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	30 June 2020 (unaudited) RMB'000	31 December 2019 (audited) RMB'000
At the beginning of Period	5,818	3,334
(Reversal of impairment losses)/Impairment losses recognised	(8)	2,551
Disposals of subsidiaries	–	(70)
Exchange differences on translation of foreign operations	–	3
	<u>–</u>	<u>3</u>
At the end of Period	<u>5,810</u>	<u>5,818</u>

14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2020 (unaudited) RMB'000	31 December 2019 (audited) RMB'000
Prepayments	10,232	465
Deposits and other receivables	7,783	1,513
Others	–	4
	<u>–</u>	<u>4</u>
	<u>18,015</u>	<u>1,982</u>

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 30 June 2020, the loss allowance was assessed to be minimal.

15. TRADE PAYABLES

	30 June 2020 (unaudited) RMB'000	31 December 2019 (audited) RMB'000
Within 6 months	1,014	–
Over 12 months	496	487
	<u>496</u>	<u>487</u>
	<u>1,510</u>	<u>487</u>

16. LEASE LIABILITIES

	30 June 2020 (unaudited) RMB'000	31 December 2019 (audited) RMB'000
Current	1,562	2,258
Non-current	19	384
	<u>1,581</u>	<u>2,642</u>

17. PROVISION FOR REHABILITATION

	30 June 2020 (unaudited) RMB'000	31 December 2019 (audited) RMB'000
At the beginning of Period	1,262	1,182
Unwinding of discount (<i>Note 6</i>)	43	80
At the end of Period	<u>1,305</u>	<u>1,262</u>

A provision for rehabilitation is mainly recognised for the present value of estimated costs to be incurred for the restoration of tailing ponds and the removal of the processing plants in complying with the Group's obligations for the closure and environmental restoration and clean-up on completion of the Group's mining activities. These costs are expected to be incurred on mine closure, based on the estimated rehabilitation expenditures at the mine when the mining permit expires, and are discounted at a discount rate of 6.55%. Changes in assumptions could significantly affect these estimates. Over the time, the discounted provision is increased for the change in present value based on the discount rate that reflects current market assessments and risks specific to the provision. The periodic unwinding of the discount is recognised in profit or loss as part of the interest expenses.

18. SHARE CAPITAL

	30 June 2020 (unaudited) RMB'000	31 December 2019 (audited) RMB'000
Issued and fully paid: 3,870,000,000 (31 December 2019: 3,870,000,000) ordinary shares	<u>3,087</u>	<u>3,087</u>

19. DISPOSAL OF SUBSIDIARIES

On 3 April 2019, the Group completed the disposal transaction of a 100% equity interest in Future Bright Enterprise Group Limited and Gogo Education Group Limited at a consideration of HKD485,000 (RMB420,000). On 30 May 2019, the Group completed the disposal transaction of a 100% equity interest in FB Finance at a consideration of HKD10,000,000 (RMB8,776,000).

The total net assets disposed of in respect of the disposal of the subsidiaries for the six months ended 30 June 2019 were as follows:

	30 June 2019 (unaudited) RMB'000
Net assets disposed of:	
Property, plant and equipment	164
Other intangible assets	439
Cash and bank balances	86
Loan receivables	8,051
Prepayments, other receivables and other assets	276
Other payables and accruals	(39)
Deferred tax liabilities	(73)
	8,904
Exchange fluctuation reserve	126
	9,030
Gain on disposal of subsidiaries	166
	9,196
Satisfied by:	
Cash	9,196

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	30 June 2019 (unaudited) RMB'000
Cash consideration	9,196
Cash and bank balances disposed of	(86)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	9,110

20. RELATED PARTY TRANSACTIONS

- (a) During the Period, the Group had paid a refundable deposit of RMB6,200,000 to 深圳市中科九台資源利用科技產業股份有限公司 (Shenzhen Zhongke Jiutai Resources Technology Co., Ltd.*) (the “**Vendor**”) for acquiring 70% equity interest of 深圳中科九台資源利用研究院有限公司 (Shenzhen Zhongke Jiutai Resources Utilization Research Institute Co., Ltd.*) (the “**Target Company**”). The Target Company is owned as to 70% by the Vendor, in which Mr. Li Yuguo, the ultimate controlling shareholder of the Company, has an indirect majority equity interest.
- (b) As at the end of the Period, the Group had no outstanding balances with related parties.
- (c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	2,160	2,080
Pension scheme contributions	29	37
	<u>2,189</u>	<u>2,117</u>

21. CAPITAL COMMITMENTS

- (a) The Group had the following capital commitments at the end of the reporting period:

	30 June	31 December
	2020	2019
	(unaudited)	(audited)
	RMB'000	RMB'000
Authorised and contracted for:		
Property, plant and equipment (<i>Note</i>)	2,344	–
Authorised but not contracted for:		
Property, plant and equipment	13,212	26,975
	<u>15,556</u>	<u>26,975</u>

Note:

On 20 February 2020, the Group has entered into a contract for purchase of production equipment and machineries for an amount of approximately RMB11,744,000. RMB9,400,000 was prepaid during the Period.

* For identification purpose only

- (b) On 27 September 2019, the Company entered into a sale and purchase agreement with the Vendor to acquire 70% equity interest of the Target Company at the consideration of RMB62,000,000. The Target Company is owned as to 70% by the Vendor, in which Mr. Li Yuguo, the ultimate controlling shareholder of the Company, has an indirect majority equity interest. A refundable deposit of RMB6,200,000 was paid during the Period.

On 16 July 2020, the Vendor and the Company have agreed to terminate the sale and purchase agreement to acquire 70% equity interest of the Target Company. The refundable deposit has been subsequently received by the Company from the Vendor.

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying Amounts		Fair values	
	30 June 2020 (unaudited) RMB'000	31 December 2019 (audited) RMB'000	30 June 2020 (unaudited) RMB'000	31 December 2019 (audited) RMB'000
Financial assets				
Financial assets at fair value through profit or loss	<u>263</u>	<u>1,861</u>	<u>263</u>	<u>1,861</u>

Management has assessed that the fair values of cash and cash equivalents, trade receivables, and financial assets included in prepayments, other receivables and other assets, trade payables and other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of listed equity investments are based on quoted market prices.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2020

	Fair value measurement using			Total (unaudited) RMB'000
	Quoted prices in active markets (Level 1) (unaudited) RMB'000	Significant observable inputs (Level 2) (unaudited) RMB'000	Significant unobservable inputs (Level 3) (unaudited) RMB'000	
Financial assets at fair value through profit or loss	<u>263</u>	<u>–</u>	<u>–</u>	<u>263</u>

As at 31 December 2019

	Fair value measurement using			Total (audited) RMB'000
	Quoted prices in active markets (Level 1) (audited) RMB'000	Significant observable inputs (Level 2) (audited) RMB'000	Significant unobservable inputs (Level 3) (audited) RMB'000	
Financial assets at fair value through profit or loss	<u>1,861</u>	<u>–</u>	<u>–</u>	<u>1,861</u>

23. EVENTS AFTER THE REPORTING PERIOD

In addition to the disclosure detailed elsewhere in this interim condensed consolidated financial information, the Group had the following events after the reporting period:

In the beginning of 2020, the mass outbreak of novel coronavirus (“**COVID-19**”) continues to spread throughout the PRC and to countries across the world. It may continue to affect the business operations of the Group in particular the mining activity as well as the delivery of marble blocks to certain degree in the second half of the year, and the degree of the impact depends on the situation of the epidemic preventive measures and the duration of the epidemic. The Group has implemented various measures to mitigate the impacts of COVID-19 on the business and several measures to ensure the health and safety of the Group's employees.

The Group will continue to monitor the developments of COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group.

On 16 July 2020, the Vendor and the Company have agreed to terminate the sale and purchase agreement to acquire 70% equity interest of the Target Company. The deposit was refunded to the Company subsequently. For details, please refer to the Company's announcements dated 27 September 2019, 15 November 2019, 31 December 2019, 31 January 2020, 28 February 2020, 31 March 2020, 29 May 2020, 29 June 2020 and 16 July 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2020 (the “**Period**”), the operating revenue of Future Bright Mining Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) was approximately RMB2.69 million, which represented an increase of approximately 144.73% as compared to the operating revenue of approximately RMB1.10 million for the six months ended 30 June 2019. The increase in revenue was mainly due to the exploration of new customers by the Group during the Period. However, due to the outbreak of novel coronavirus (“**COVID-19**”), both production work and delivery of marble blocks were temporarily suspended in the first few months of 2020 and were resumed in May 2020 and June 2020, respectively. As a result, the revenue for the Period was adversely affected. No revenue was generated from the segment of commodity trading (six months ended 30 June 2019: Nil) during the Period. The following table sets forth the breakdown of the Group’s revenue by business segment for the Period:

	2020			2019		
	<i>RMB’000</i>	<i>Percentage to total revenue</i>	<i>Gross profit margin</i>	<i>RMB’000</i>	<i>Percentage to total revenue</i>	<i>Gross profit margin</i>
Marble blocks	2,692	100%	37.78%	1,100	100%	–82.91%
Commodity trading	–	–	0.00%	–	–	0.00%
Total	<u>2,692</u>	<u>100%</u>	<u>37.78%</u>	<u>1,100</u>	<u>100%</u>	<u>–82.91%</u>

Cost of Sales

The Group’s cost of sales decreased from approximately RMB2.01 million for the six months ended 30 June 2019 to approximately RMB1.68 million for the Period, representing a decrease of approximately 16.75%. The decrease of cost was mainly due to the effort of enhancing production efficiency during the Period. The cost of sales for the Period represented the marble blocks mining costs including mining labour costs, materials consumption, fuel, electricity, depreciation of production equipment and amortisation of mining rights.

Gross Profit/Loss and Gross Profit Margin

The gross profit of the Group increased to approximately RMB1.02 million for the Period (gross profit margin of approximately 37.78%) when compared with the gross loss for the six months ended 30 June 2019 of approximately RMB0.91 million (six months ended 30 June 2019: gross profit margin of approximately -82.91%). The significant increase in gross profit margin was mainly due to the increase in selling price of marble blocks to new customers, improvement of production efficiency to reduce the cost and no disposal of obsolete stock for the Period.

Other Income and Gains

Other income and gains for the Period were approximately RMB0.37 million, which represented a decrease of approximately RMB0.44 million as compared to the other income and gains of approximately RMB0.81 million for the six months ended 30 June 2019. The Group has generated income from rental of production machineries of approximately RMB0.19 million (six months ended 30 June 2019: Nil) for the Period. However, no service income was received during the Period (six months ended 30 June 2019: approximately RMB0.37 million).

Selling and Distribution Expenses

During the Period, the selling and distribution expenses were approximately RMB0.13 million (six months ended 30 June 2019: approximately RMB8,000), which was primarily comprising transportation and salaries of the Group's sales and distribution staff.

Administrative Expenses

Administrative expenses of the Group significantly decreased by approximately RMB3.30 million or 33.87% from approximately RMB9.74 million for the six months ended 30 June 2019 to approximately RMB6.44 million for the Period. The decrease was mainly due to the decrease in staff costs and other short term lease payment, including rent of office and staff and director's quarters, during the Period. Administrative expenses mainly included the legal and professional fees, consultancy fees, rental payment of short term lease, depreciation, amortisation and salaries of staff.

Impairment on Financial Assets, Net

The management assesses the measurement of expected credit losses in relation to financial assets and an impairment loss of approximately RMB8,000 was reversed for the Period (six months ended 30 June 2019: net amount of impairment losses of approximately RMB1.32 million was reversed).

Losses on Change in Fair Value of Financial Assets at Fair Values Through Profit or Loss

As at 30 June 2020, the Group had current equity investments at fair value through profit or loss of approximately RMB0.26 million which comprised investments in various Hong Kong listed shares (six months ended 30 June 2019: approximately RMB3.29 million). The Group recorded net fair value loss of the equity investments of approximately RMB0.84 million for the Period (six months ended 30 June 2019: net fair value loss of approximately RMB2.34 million).

Other Expenses

Approximately RMB0.11 million donation was made by the Group during the Period (six months ended 30 June 2019: Nil). Besides, a net exchange loss of approximately RMB1.45 million was recognised during the Period (six months ended 30 June 2019: net exchange gain of approximately RMB0.34 million). Other expenses also included the written down of net realisable value of inventories of approximately RMB1 million and the net loss of approximately RMB0.13 million on the disposals of subsidiaries for six months ended 30 June 2019. The Group did not incur such expenses for the Period.

Finance Costs

Finance costs decreased from approximately RMB0.23 million for the six months ended 30 June 2019 to approximately RMB0.13 million for the Period. The Group did not enter into any new and long-term lease contract for office premises and staff dormitory during the Period.

Loss attributable to Owners of the Company

In view of the above factors, loss attributable to owners of the Company was approximately RMB7.69 million for the Period (six months ended 30 June 2019: loss of approximately RMB11.64 million). The decrease of loss was mainly resulted from the increase in gross profit and decrease in expenses incurred during the Period.

BUSINESS REVIEW

Marble and Marble-related Business

During the Period, we focused on the development of the Yiduoyan Project, which is an open pit mine in the Hubei Province of the People's Republic of China (the “**PRC**”). A total of 3,478 m³ of marble blocks had been produced and 1,392 m³ of marble blocks had been sold. The revenue generated from this business segment during the Period amounted to approximately RMB2.69 million (approximately RMB1.10 million for the six months ended 30 June 2019).

After continuous efforts, the Group solicited several new customers in this Period. Unfortunately, due to the COVID-19 outbreak in January 2020, the Hubei government announced a lockdown order, which requested all people in the Hubei Province to stay at home and all operation needed to be temporarily suspended. Although the lockdown order was lifted in around mid March 2020, limited operating activities were allowed by the government. Our mining operation was not allowed to resume until May 2020 and we resumed the delivery of our marble blocks to customers in June 2020. Therefore, only approximately RMB2.69 million revenue were recognised in this Period. However, as we already had several contracts on hand and anticipated our production and logistic will gradually resume normal, we expected the revenue from sales of marble blocks will increase significantly in the second half year.

Trading of Commodities Business

No revenue was generated from the commodity trading business for the Period (six months ended 30 June 2019: Nil). Although the Group has disposed of two subsidiaries engaged in the trading business last year, we will still look for attractive opportunities in the trading business.

Money Lending Business (Discontinued Operation)

We have disposed of the relevant subsidiary company and ceased the operation of money lending business last year in order to focus on the core mining business of the Group.

No income was generated from this business segment for the Period (six months ended 30 June 2019: Nil).

THE YIDUOYAN PROJECT

The Yiduoyan Project is an open pit mine located in the Hubei Province of the PRC. Currently, the Group holds the mining permit of the Yiduoyan Project with permitted production capacity of 20,000 m³ per annum for a term of 10 years (which will expire on 30 December 2021 and can be extended for another 10 years to 30 December 2031 subject to the applicable PRC laws and regulations), covering an area of approximately 0.5209 km². According to the independent technical report dated 29 December 2014 prepared by SRK Consulting (Hong Kong) Limited, the same of which was set out in appendix IV to the prospectus of the Company dated 29 December 2014, the Yiduoyan Project contains marble resources with expansion potential through exploration.

MAJOR EXPLORATION, DEVELOPMENT AND PRODUCTION ACTIVITIES

Mineral Exploration

We have completed the mineral exploration works before the Yiduoyan marble mine of the Company commenced commercial production on 1 September 2014.

For the six months ended 30 June 2020, no further mineral exploration was carried out. As a result, there was no expenditure on mineral exploration.

Development

Due to the outbreak of COVID-19, mining activities were not allowed by the Hubei government until May 2020. However, some works have been done in March and April to prepare for the resumption of production work.

In March 2020, we provided all the staff of the production plant with training related to production safety and occupational health as well as work resumption training, and conducted assessment before work resumption. Those who failed in the assessment were retrained and were required to take the relevant exams again. Moreover, all staff have undergone occupational health examination. As such, we further consummated the staff training and examination files and occupational health records. Commencing from April 2020, we required all staffs to carry out self-examination and rectification on mining safety hazards every month, and carried out thorough inspection and maintenance for all production equipment to ensure that they operate safely during the production process. We also identified, assessed and eliminated potential risks of the mine from time to time.

During the six months ended 30 June 2020, the Group recorded safety production expenditure of approximately RMB2,019,400 with respect to the expansion of Yiduoyan marble mine. The detailed classification of development expenditures is as follows:

RMB('000)

Production safety signs	0.6
Labour protection supplies	13.2
Education and training on production safety	3.1
Production safety liability insurance	4.1
Technical consultation service fee for mine safety	22
Health check	5.6
Purchase of production equipment and machineries	29.8
Rental of production equipment and machineries	129.3
Repair and maintenance of production equipment and machineries	5.7
Slag treatment fee	1,743
Water resource fee	3
Technical consultation service fee for mine reserves	60
Total	<u><u>2,019.4</u></u>

Mining Operation

In the first half of 2020, due to the outbreak of COVID-19, we only have mining operation in May and June 2020. As at 30 June 2020, we had only realised sales of 1,392 m³ of marble blocks. In the first half of the year, we had conducted detailed inspection, testing and preparation works on 540, 532 and 524 horizontal platforms respectively and two mining benches. As at 30 June 2020, our Yiduoyan marble mine block production amounted to 3,478 m³.

During the six months ended 30 June 2020, the expenditure on mining activities of the Group was approximately RMB4.20 million. The expenditure of mining activities was approximately RMB1,207 per m³ (for the six months ended 30 June 2019: approximately RMB2,138 per m³).

FUTURE PROSPECTS

Our objective is to become a well-known supplier of marble blocks in the PRC. We plan to accomplish this goal by pursuing the following strategies:

Response to outbreak of COVID-19

In mid January 2020, the COVID-19 spread widely in the PRC and other countries around the world. Facing the grim situation of the COVID-19 outbreak, the Group has, in a timely manner, put in place numerous precautionary measures and procured essential protective supplies to ensure the health and safety of all its employees in different regions. At the same time, during this critical Period, the Group has proactively taken steps in ensuring stable operations.

In the first half of 2020, the Group coordinated with different parties and took swift actions. We have actively discussed with the customers for effect of delay in delivery due to the traffic restrictions imposed by the PRC government authorities. The Group also implemented various flexible working arrangements for its staff. The Group has used, and will continue to use, its best endeavors to mitigate the adverse impact of the outbreak of COVID-19 on the Group.

Although the outbreak has shown signs of slowing down in PRC, the Group will closely monitor the development of COVID-19 and ensure the safety of employees and stable operations. As and when appropriate, the Group will adjust its measures and plans for epidemic prevention, operations and business development accordingly. The Group will make timely disclosure on any significant matters which may arise in the future.

Business Outlook

Develop marble and marble-related business

We will continue to develop the Yiduoyan Project and are confident about its future prospects. The Group is actively exploring new customers by different ways including through the network of the senior management, as well as through our sales teams in Beijing and Xiamen. We expect our business will have a stable growth in the coming years.

Other than enlarging customer base, in June 2020, we have also submitted an application of enhancing annual production capacity to 200,000 m³ per annum for the Yiduoyun Project to meet our future orders. The application has been accepted and is subject to approval by the relevant government authorities and we will update the application status as appropriate.

Besides, we will increase product varieties and recognition through industry exchanges. As part of our future plans for acquisitive growth, we plan to continue to carefully identify and evaluate selective acquisition opportunities.

Develop the commodities trading business

We believe that continued development of the commodities trading business will enable the Group to expand its business portfolio, diversify its income source and possibly enhance its financial performance. Although the Group has disposed of two subsidiaries engaged in commodities trading business last year, we will still look for any attractive opportunities in the trading business.

SIGNIFICANT INVESTMENTS

For the Period, the Group had significant investments in equity securities of companies listed on the Stock Exchange which were classified as financial assets at fair value through profit or loss. The details are set out as follows:

Stock code	Name of investee company	Number of shares held as at 30 June 2020	Percentage of shareholding as at 30 June 2020	Investment cost HK\$	Unrealised gain/(loss) on change in fair value for the six months ended 30 June 2020 HK\$ (Note 1)	Fair value as at 30 June 2020 HK\$	Percentage of total financial assets at fair value through profit or loss as at 30 June 2020	Percentage of total assets of the Group as at 30 June 2020
0204	China Investment Development Limited (Note 2)	2,000,000	0.1890%	321,157	(85,157)	236,000	81.86%	0.31%
1227	National Investments Fund Limited (Note 3)	10,000	0.0011%	1,628	(1,138)	490	0.17%	0.00%
1783	Golden Ponder Holdings Limited (Note 4)	50,000	0.0063%	9,627	(3,627)	6,000	2.08%	0.01%
2312	China Financial Leasing Group Limited (Note 5)	100,000	0.0052%	11,686	(1,786)	9,900	3.43%	0.01%
2322	Hong Kong Chaoshang Group Limited (Note 6)	8,000	0.0002%	4,187	3,813	8,000	2.78%	0.01%
8430	C&N Holdings Limited (Note 7)	5,000	0.0008%	388	(188)	200	0.07%	0.00%
8437	RMH Holdings Limited (Note 8)	56,000	0.0093%	11,679	15,481	27,160	9.42%	0.04%
8547	Pacific Legend Group Limited (Note 9)	10,000	0.0010%	1,634	(1,084)	550	0.19%	0.00%
Total:				<u>361,986</u>	<u>(73,686)</u>	<u>288,300</u>	<u>100.00%</u>	<u>0.38%</u>

Notes:

1. These figures do not take into account the realised gain or loss arising from the disposal of the relevant equity securities during the Period.
2. According to the latest annual results announcement of China Investment Development Limited, it did not generate any revenue and recorded a net loss of approximately HK\$52,541,000 for the year ended 31 March 2020.
3. According to the latest annual report of National Investments Fund Limited, it did not generate any revenue and recorded a net loss of approximately HK\$25,043,000 for the year ended 31 December 2019.
4. According to the latest annual report of Golden Ponder Holdings Limited, it recorded revenue of approximately HK\$283,148,000 and a net loss of approximately HK\$2,051,000 for the year ended 31 March 2020.
5. According to the latest annual report of China Financial Leasing Group Limited, it recorded revenue of approximately HK\$1,000 and a net loss of approximately HK\$65,683,000 for the year ended 31 December 2019.
6. According to the latest annual report of Hong Kong Chaoshang Group Limited, it recorded revenue of approximately HK\$238,518,000 and a net loss of approximately HK\$20,763,000 for the year ended 31 March 2020.
7. According to the latest interim report of C&N Holdings Limited, it recorded revenue of approximately \$13,079,000 (Singapore dollar) and a net loss of approximately \$579,000 (Singapore dollar) for the six months ended 30 June 2020.
8. According to the latest interim report of RMH Holdings Limited, it recorded revenue of approximately \$3,334,000 (Singapore dollar) and a net loss of approximately \$1,053,000 (Singapore dollar) for the six months ended 30 June 2020.
9. According to the latest interim report of Pacific Legend Group Limited, it recorded revenue of approximately HK\$96,982,000 and a net loss of approximately HK\$24,186,000 for the six months ended 30 June 2020.

Brief description of principal business and future prospect of investee companies

Name of investee company	Principal business and future prospect
China Investment Development Limited	Investment holding for medium to long-term capital appreciation purposes, and investment in listed and unlisted securities. As disclosed in the annual results announcement for the year ended 31 March 2020, China Investment Development Limited plans to increase cashflow through streamlining of its structure such as disposal of low quality assets and cost savings. On the other hand, they will keep on seeking business investment opportunities in enterprises with potentials. The company will adopt a pragmatic and enterprising approach to deploy the investment strategy, with an objective to contribute favorable return for shareholders.
National Investments Fund Limited	Investments in a diversified portfolio of listed and unlisted companies. As disclosed in the annual report for the year ended 31 December 2019, National Investments Fund Limited will continue to implement diversified investment strategy aimed at identifying suitable investment opportunities with potential of asset appreciation to bring about better return to the company and the shareholders. The company will also continue to adopt and maintain a prudent but proactive investment approach and will closely monitor the performance of the investment portfolios and is confident that the investment portfolios will deliver results and add value to the shareholders of the company.

**Name of
investee company**

Principal business and future prospect

Golden Ponder
Holdings Limited

Provision of superstructure building and RMAA works service as a main contractor in Hong Kong. Superstructure building works refer to the building works in relation to the parts of the structure above the ground level and the scope of the Group's superstructure building works contracts mostly consists of development projects for residential and commercial buildings. RMAA works refer to the repair, maintenance, alteration and addition works for an existing structure.

As disclosed in the annual report for the year ended 31 March 2020, Golden Ponder Holdings Limited expects Hong Kong's economy will fall into winter in coming year, the company is devising strategies to prepare to achieve profitability and operational excellence. In addition, with the experienced and professional management team and the stable relationship with major customers and creditability in construction market, the company will continue to use its best endeavor and prudence to bid for new projects with better profit margin in the coming financial year.

In the 2019 Policy Address, the Chief Executive of the Hong Kong Special Administrative Region announced that, the Government set aside HK\$5 billion to increase the number of transitional housing projects substantially to provide a total of 10,000 units within three years. The company is cautiously optimistic about the outlook for construction market in medium to long term.

**Name of
investee company**

Principal business and future prospect

China Financial Leasing
Group Limited

Short to medium term capital appreciation by investing in a diversified portfolio of investments in listed and unlisted securities.

As disclosed in the annual report for the year ended 31 December 2019, China Financial Leasing Group Limited remains cautious on the stock market in 2020. The company will continue to monitor the market movement closely and explore listed and unlisted investment opportunities so as to diversify the investment portfolio and sourcing stable investments to reduce the risk of concentration; and to enhance the investment return for shareholders of the company.

Hong Kong Chaoshang
Group Limited

Engaged in trading, money lending, factoring and finance leasing. During the year, the company has extended its business into financial services and ceased and discontinued the vessel chartering business.

As disclosed in the annual report for the year ended 31 March 2020, the recent outbreak of COVID-19 has significant impact on the global economy and it has imposed uncertainty on the company's businesses in the coming financial year. The company will pay close attention to the development of the COVID-19 outbreak and evaluated its impact on the financial position and operating results of the company. Looking forward, the company will actively identify and explore other investment and business opportunities to broaden its assets and revenue base. The company will cautiously assess and evaluate each of the investment opportunities to further strengthen the company's long-term development and performance.

**Name of
investee company**

Principal business and future prospect

C&N Holdings Limited

Provision of transport and storage services to the logistics industry in Singapore, primarily trucking and hubbing.

As disclosed in the interim report for the six months ended 30 June 2020, C&N Holdings Limited continues to strive to provide customers with timely delivery and storage of their containers, enhancing overall competitiveness and market share in Singapore. The second half of 2020 continues to be confronted by the impact of the COVID-19 pandemic. Management is continuously monitoring the situation and in constant discussion with the customers to understand their changing business needs. The company expects to: (a) maintain growth in the industry and enhance overall competitiveness and market share in Singapore; (b) increase service capacity through the acquisition of new vehicles; (c) enhance and expand the company's workforce to keep up with the company's business expansion; (d) purchase a new office to incorporate an increase in workforce; and (e) enhance the company's information technology system. With the uncertainty in the global trade economy, the company is cautious with its expansion plans.

RHM Holdings Limited

Provision of dermatology treatment solutions, specialised in skin cancer, skin diseases and aesthetic procedures, to customers in Singapore.

As disclosed in the interim report for the six months ended 30 June 2020, RMH Holdings Limited will continue to develop online telemedicine capability and automation of clinic operation through medical technology in both software and hardware. While focusing on the core business of being a service provider of medical, dermatological and aesthetic services, they will also expand the range and scale of non-prescriptive products in skin care and general wellness to patients and public. COVID-19 environment which induces and facilitates different business groups to co-operate in the form of partnership or merger/acquisition. The group will also continue to proactively explore acquisition targets and partnership opportunities for further collaboration in Hong Kong, Greater Bay Area, Singapore and Association of Southeast Asian Nations (ASEAN).

Name of investee company	Principal business and future prospect
Pacific Legend Group Limited	Sale and rental of home furniture and accessories and the provision of project and hospitality services.

As disclosed in the interim report for the six months ended 30 June 2020, COVID-19 will continue to affect the businesses in the third quarter of 2020 as there have been signs of resurgence of the pandemic following an increase of daily new cases in July 2020, especially in Hong Kong. However, if the pandemic subsides and the current crowd control measures and lockdowns continue to be lifted, it is expected to see sales pick up across all their markets, both in retail and corporate sales, although still below last year's levels. The group also expect the cost cutting measures will help to offset the slowdown in revenue. In the meantime, the group will continuously monitor the recent changes in political and social environment on the businesses.

The Directors believe that the future performance of the equity securities of companies listed on the Stock Exchange held by the Group will be affected by various factors including the overall economic environment, equity market conditions, investor sentiment and the business performance of the investee companies. The Board will continue to look for attractive investment opportunities which can generate better returns to its shareholders.

Save as disclosed above, there were no other significant investments by the Group during the Period.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

MAJOR ACQUISITIONS AND DISPOSALS DURING THE PERIOD

On 27 September 2019, the Company entered into a sale and purchase agreement with 深圳市中科九台資源利用科技產業股份有限公司 (Shenzhen Zhongke Jiutai Resources Technology Co., Ltd.*) (the “**Vendor**”) to acquire 70% equity interest of 深圳中科九台資源利用研究院有限公司 (Shenzhen Zhongke Jiutai Resources Utilization Research Institute Co., Ltd.*) (the “**Target Company**”) at the consideration of RMB62,000,000. The Vendor is a company incorporated in the PRC with limited liability and was jointly established by Mr. Li and the 中國科學院過程工程研究所 (The Institute of Processing Engineering, Chinese Academy of Science*) (the “**Institute**”) for the purpose of conducting researches in mineral processing methodology and as investment arm. The Target Company is owned as to 70% by the Vendor, in which Mr. Li, the controlling shareholder of the Company, has an indirect majority equity interest. Accordingly, the Vendor is a connected person of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). For details, please refer to the Company’s announcements dated 27 September 2019, 15 November 2019, 31 December 2019, 31 January 2020, 28 February 2020, 31 March 2020, 29 May 2020 and 29 June 2020.

Due to the prolonged time required to complete the transaction and other commercial considerations, the Vendor and the Company have agreed to terminate the sale and purchase agreement on 16 July 2020. Deposit was refunded to the Company subsequently. For details, please refer to the Company’s announcement dated 16 July 2020.

Save as disclosed above, there were no material acquisitions and disposals of subsidiaries, associates or joint ventures by the Group during the Period.

LIQUIDITY, CAPITAL RESOURCES AND GEARING RATIO

During the Period, the Group’s liquidity funds were primarily used to invest in the development of our mine and for its operations and such funds were funded by a combination of capital contribution by shareholders as well as cash generated from operation.

As at 30 June 2020, the Group had cash and cash equivalents of approximately RMB10.92 million which were denominated in Hong Kong dollars and Renminbi (as at 31 December 2019: approximately RMB31.90 million).

The Group had no borrowings as at 30 June 2020, and therefore the gearing ratio (defined as long term debt divided by total shareholder’s equity) is not applicable. The current ratio of the Group as at 30 June 2020 was about 5.05 times as compared to 8.31 times as at 31 December 2019, based on current assets of approximately RMB37.34 million (as at 31 December 2019: approximately RMB39.71 million) and current liabilities of approximately RMB7.39 million (as at 31 December 2019: approximately RMB4.78 million).

* For identification purpose only

CHARGES OVER GROUP ASSETS

There had been no charges on the Group's assets as at 30 June 2020.

CAPITAL STRUCTURE

There had been no material change in the capital structure of the Group since 31 December 2019.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group has a total of 20 full time employees who were located in Hong Kong and the PRC. Employees' remuneration packages have been reviewed periodically and determined with reference to the performance of the individual and prevailing market practices. Remuneration packages include basic salaries and other employees' benefits including contributions to statutory mandatory provident funds for our Hong Kong employees, and social insurance together with housing provident funds for our PRC employees. Besides, the Group also provides medical benefits and subsidies employees in various training and continuous education programmes.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds (the "**Net Proceeds**") from the listing (the "**Listing**") of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 9 January 2015, being the date on which the shares of the Company were first listed on the Stock Exchange, after deducting the underwriting fees and commissions and other fees and expenses in relation to the Listing, amounted to approximately HK\$56 million (equivalent to approximately RMB45 million).

Up to 30 June 2020, the Group had used the Net Proceeds as follows:

	Original allocation of Net Proceeds			Change in use of Net Proceeds (Note)		Utilisation up to 30 June 2020		Remaining balance of unused Net Proceeds as at 30 June 2020	
	RMB			RMB		RMB		RMB	
	HK\$	Equivalent	% of Net	HK\$	Equivalent	HK\$	Equivalent	HK\$	Equivalent
	(million)	(million)	Proceeds	(million)	(million)	(million)	(million)	(million)	(million)
						(unaudited)	(unaudited)	(unaudited)	(unaudited)
Capital expenditure of the Yiduoyan Project	45.6	36.5	81.3%	(12.5)	(10)	27.5	22	5.6	4.5
Development of sales channels and marketing	5	4.1	9%	–	–	5	4.1	–	–
Working capital and other general corporate purposes including expenses for our day-to-day operation	5.4	4.4	9.7%	12.5	10	17.9	14.4	–	–
Total	<u>56</u>	<u>45</u>	<u>100%</u>	<u>–</u>	<u>–</u>	<u>50.4</u>	<u>40.5</u>	<u>5.6</u>	<u>4.5</u>

Note:

On 15 July 2016, the Board had resolved to allocate not more than RMB10 million out of the unutilised proceeds originally intended for the development of the Yiduoyan Project for working capital and other general corporate purposes including expenses for our day-to-day operation. For details, please refer to the announcement of the Company dated 15 July 2016.

During the Period, the utilised Net Proceeds were approximately RMB11.4 million (details are set out as follow) and the remaining proceeds as at 30 June 2020 were approximately RMB4.5 million.

	Remaining Net Proceeds as at 30 June 2020 (RMB million) (unaudited)	Net Proceeds utilised for the Period (RMB million) (unaudited)
Capital expenditure of Yiduoyan Project	4.5	11.4
Development of sales channels and marketing	–	–
Working capital and other general corporate purposes	–	–
Total	<u>4.5</u>	<u>11.4</u>

With a view to putting the Company's resources to a better use, the Board had therefore temporarily re-allocated the aforesaid unutilised Net Proceeds of approximately HK\$5.6 million (equivalent to approximately RMB4.5 million) for the use of equity investment of securities listed on the Stock Exchange and general working capital of the Group. The Board will keep monitoring the overall development of the marble market and industry in the PRC and will deploy the unutilised Net Proceeds of approximately HK\$5.6 million back to the development of the Yiduoyan Project as and when appropriate after taking into account the market environment at the material time. The Group intends to use the remaining proceeds of approximately HK\$5.6 million by the end of December 2020.

USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing of new shares on 16 February 2017

The net proceeds from the placing of new shares under general mandate on 16 February 2017, after deducting the commissions and other fees and expenses in relation to the placing, amounted to approximately HK\$34 million (equivalent to approximately RMB30 million).

Up to 30 June 2020, the Group had used the net proceeds as follows:

	Original allocation of net proceeds			Utilisation up to 30 June 2020		Remaining balance of unused net proceeds as at 30 June 2020	
	RMB			RMB		RMB	
	HK\$	Equivalent	% of Net	HK\$	Equivalent	HK\$	Equivalent
	(million)	(million)	Proceeds	(million)	(million)	(million)	(million)
				(unaudited)	(unaudited)	(unaudited)	(unaudited)
Building a processing plant to produce slabs	24	21	70.59%	1	0.88	23	20.12
General working capital of the Group	10	9	29.41%	10	9	–	–
Total	34	30	100%	11	9.88	23	20.12

In relation to the plan for the construction of a processing plant, the Group plans to construct such processing plant in the stone industry park* (石材產業園) invested by the Nanzhang People's Government* (南漳縣人民政府) of the PRC. As at the date of this announcement, the Group is still undergoing the relevant procedures with the government authority for the construction plan, and the land parcel on which the processing plant is to be built is undergoing infrastructure constructions (including ground leveling and access to water, electricity, telecommunication, road and sewage) (五通一平). Due to the outbreak of COVID-19, the progress will be further delayed. According to the existing plan of the Group, the Group intends to use the remaining proceeds of approximately HK\$23 million for the construction of a processing plant by 31 December 2021. Nevertheless, the construction of the processing plant is subject to both approval of the relevant governmental authority and the grant of the land use rights and based on the information available to the Group as at the date hereof, the said land will only be available after 31 March 2021.

In view of the aforesaid development, up to 30 June 2020, the utilised net proceeds were approximately HK\$11 million and the remaining proceeds as at 30 June 2020 were approximately HK\$23 million.

As disclosed above, the land for the construction of the processing plant (the “**Subject Land Parcel**”) is expected to be available in or around March 2021. In view of the postponement of the timetable for the development of the processing plant, the Group had temporarily re-allocated the remaining proceeds of approximately HK\$23 million to investment in equity securities of companies listed on the Stock Exchange and general working capital of the Group. It is expected that the Group will obtain the aforesaid HK\$23 million in or around March 2021 when the Subject Land Parcel will be available through the realisation of the equity securities. The Group intends to use the remaining proceeds of approximately HK\$23 million for the construction of a processing plant as originally planned and according to the schedule as discussed above.

	Remaining net proceeds as at 30 June 2020 (HK\$ million) (unaudited)	Net proceeds utilised up to 30 June 2020 (HK\$ million) (unaudited)
Building a processing plant to produce slabs	23	1
General working capital of the Group	—	10
Total	23	11

* For identification purpose only

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Save and except those disclosed in note 21 to the condensed consolidated financial information, the Group did not have any capital commitments and contingent liabilities as at 30 June 2020.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's monetary assets and transactions are mainly denominated in Hong Kong dollars (“**HKD**”) and Renminbi (“**RMB**”). The exchange rates of RMB against HKD were relatively stable during the Period under review. During the Period, the Group did not use financial instruments for hedging purposes. The Group will continue to monitor the related foreign currency exposures and will take necessary procedures to reduce the currency risks arising from the fluctuations in exchange rates at reasonable costs.

CORPORATE GOVERNANCE PRACTICES

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 Corporate Governance Code (the “**CG Code**”) in Appendix 14 to the Listing Rules. Except for the deviations of the CG Code as explained below, the Company had complied with the applicable code provisions of the CG Code during the Period. The Company will continue to enhance its corporate governance practices appropriate to the operation and growth of its business.

Under Code Provision A.1.3, notice of at least 14 days should be given of a regular Board meeting to give all directors an opportunity to attend. For all other Board meetings, reasonable notice should be given. Due to practical reasons, 14 days' advance notifications have not been given for most of the regular meetings of the Board during the Period. Reasons have been given in the notifications in respect of those meetings of the Board where it was not feasible to give 14 days' advance notification. The Board will use its best endeavours to give 14 days' advance notifications of its regular Board meeting to the extent practicable.

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. Due to the outbreak of COVID-19 and the travel restriction of government authorities, the non-executive Director and most of the independent non-executive Directors of the Company were unable to attend the annual general meeting of the Company held on 18 June 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the code of conduct with respect to the dealings in securities of the Company by the Directors as set out in Appendix 10 to the Listing Rules (the “**Model Code**”).

The Company has put in place the following measures to ensure compliance with the Model Code by the Directors:

- (1) the Company has prepared an internal guideline on share dealings by the directors (which include the relevant requirements and prohibitions under the Model Code) (the “**Internal Guideline**”) and such Internal Guideline has been circulated to each of the Directors upon joining the Board;
- (2) upon joining the Board, each of the Directors will be provided with a set of comprehensive training materials (the “**Training Materials**”) in relation to the Listing Rules, which cover, among others, the requirements and prohibitions on the directors’ shares dealing activities under the Model Code. In particular, the Training Materials contains, among others, a separate section on dealing in securities of the Company by the Directors. Such section expressly provides, among others, that dealings in the securities of the Company are absolutely prohibited during the period of 60 days immediately preceding the publication date of the annual results; and
- (3) before the commencement of the black-out period for the interim results and annual results of the Company, the company secretary of the Company will, on behalf of the Board, notify all the Directors by email (the “**Notification Email**”) the date of commencement of each black-out period and remind the Directors regarding the prohibition of shares dealings during the black-out period. It is also expressly set out in such email that the Directors are prohibited from dealing in the securities of the Company during the black-out period.

The Board considers that the preparation and provision of the Internal Guideline and Training Materials, which set out in Chinese the relevant provisions and requirements under the Model Code, would enable the Directors to obtain an understanding of the dealing restriction during the black-out period and the procedures that they need to follow before dealing in the securities of the Company. Further, the Notification Email, which is sent out to each Director before the commencement of the black-out period, will serve to remind the Directors of the dealing restrictions under the Model Code. The Board therefore considered that the implementation of the above measures would minimise the chance of breach of the Model Code by the Directors.

Having made specific enquiry with the Directors, all the Directors confirmed that they had complied with the required standard set out in the Model Code during the Period.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

EVENTS AFTER THE REPORTING PERIOD

Save and except those disclosed in note 23 to the condensed consolidated financial information, the Board is not aware of any other significant events that have occurred from 30 June 2020 and up to the date of this announcement which require disclosure herein.

REVIEW OF ACCOUNTS BY THE AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) consists of all independent non-executive Directors, namely Ms. Liu Shuyan, Mr. Chen Xun, Mr. Zhang Yijun and Prof. Lau Chi Pang JP. The major functions of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control of the Group. The Audit Committee had reviewed this announcement and the unaudited financial results of the Group for the Period and considered that they were prepared in compliance with the relevant accounting standards, and that the Company has made appropriate disclosure thereof under the requirement of the Listing Rules.

PUBLICATION OF INTERIM RESULTS AND 2020 INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.futurebrightltd.com). The 2020 interim report will be despatched to the shareholders and available on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Future Bright Mining Holdings Limited
Li Yuguo
Executive Director

Hong Kong, 26 August 2020

As at the date of this announcement, the executive Directors are Mr. Li Yuguo, Mr. Liu Yan Chee James, Mr. Lyu Bin and Ms. Yang Xiaoqiu; the non-executive Director is Mr. Yang Xiaoqiang (the vice chairman); and the independent non-executive Directors are Mr. Chen Xun, Mr. Zhang Yijun, Prof. Lau Chi Pang JP and Ms. Liu Shuyan.