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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

Key Financial Highlights

	2021	2020	
	RMB'000	*RMB'000*	Change
RESULTS			
Revenue	**24,667**	20,248	21.82%
Gross profit/(loss)	**3,529**	(2,107)	-267.49%
Loss before tax	**(3,882)**	(12,891)	-69.89%
Income tax credit	**1,193**	1,091	9.35%
Loss for the year	**(2,689)**	(11,800)	-77.21%
Loss attributable to owners of the Company	**(2,491)**	(11,762)	-78.82%
Basic and diluted loss per share	**RMB0.06 cents**	RMB0.30 cents	-80.00%

	2021	2020	
	RMB'000	*RMB'000*	Change
KEY ITEMS IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Equity attributable to owners of the Company	**59,590**	63,066	-5.51%
Total assets	**67,315**	72,928	-7.70%
Net assets per share	**RMB0.013**	RMB0.014	-7.14%

- Revenue increased by 21.82% to approximately RMB24.67 million.
- Gross loss of approximately RMB2.11 million in 2020 turned to gross profit of approximately RMB3.53 million in 2021.
- Gross margin turned from loss to profit from approximately -10.41% to approximately 14.31%.
- Loss attributable to owner of the Company was narrowed by 78.82% to approximately RMB2.49 million.
- Basic and diluted loss per share was RMB0.06 cents (2020: RMB0.30 cents).
- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the "**Board**") of directors (the "**Directors**") of Future Bright Mining Holdings Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the financial year ended 31 December 2021 (the "**Year**"), together with the comparative figures for the financial year ended 31 December 2020 ("**FY2020**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	2021 RMB'000	2020 RMB'000
REVENUE	5	**24,667**	20,248
Cost of sales		**(21,138)**	(22,355)
Gross profit/(loss)		**3,529**	(2,107)
Other income and gains	5	**3,128**	3,313
Selling and distribution expenses		**(123)**	(130)
Administrative expenses		**(9,341)**	(13,050)
Other operating expenses		**(177)**	(257)
(Impairment losses)/reversal of impairment losses on financial assets, net		**(528)**	281
Losses on changes in fair value of financial assets at fair value through profit or loss		**(190)**	(730)
Finance costs	6	**(180)**	(211)
LOSS BEFORE TAX	7	**(3,882)**	(12,891)
Income tax credit	8	**1,193**	1,091
LOSS FOR THE YEAR		**(2,689)**	(11,800)
Attributable to:			
Owners of the Company		**(2,491)**	(11,762)
Non-controlling interests		**(198)**	(38)
		(2,689)	(11,800)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
Basic and diluted		**RMB0.06 cents**	RMB0.30 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2021	2020
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(2,689)**	(11,800)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(834)**	(1,756)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(834)**	(1,756)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(3,523)**	(13,556)
Attributable to:		
Owners of the Company	**(3,326)**	(13,518)
Non-controlling interests	**(197)**	(38)
	(3,523)	(13,556)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2021** **RMB'000**	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**12,857**	13,815
Right-of-use assets		**1,338**	855
Long-term prepayments		**—**	81
Other intangible assets		**19,873**	20,487
Total non-current assets		**34,068**	35,238
CURRENT ASSETS			
Inventories	*11*	**3,087**	359
Trade receivables	*12*	**—**	—
Prepayments, other receivables and other assets	*13*	**4,055**	11,289
Financial assets at fair value through profit or loss	*14*	**116**	308
Cash and cash equivalents		**25,989**	25,734
Total current assets		**33,247**	37,690
CURRENT LIABILITIES			
Trade payables	*15*	**1,056**	711
Other payables and accruals	*16*	**4,657**	6,088
Tax payable		**—**	25
Lease liabilities		**692**	422
Total current liabilities		**6,405**	7,246
NET CURRENT ASSETS		**26,842**	30,444
TOTAL ASSETS LESS CURRENT LIABILITIES		**60,910**	65,682
NON-CURRENT LIABILITIES			
Lease liabilities		**130**	101
Deferred tax liabilities		**1,676**	2,895
Provision for rehabilitation		**1,438**	1,347
Total non-current liabilities		**3,244**	4,343
Net assets		**57,666**	61,339
EQUITY			
Equity attributable to owners of the Company			
Share capital		**3,524**	3,524
Reserves		**56,066**	59,542
		59,590	63,066
Non-controlling interests		**(1,924)**	(1,727)
Total equity		**57,666**	61,339

NOTES TO FINANCIAL STATEMENTS

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 at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Room 3603, 36/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The Group is principally engaged in the excavation and sale of marble blocks; production and sale of marble and marble related products; and trading of mineral commodities.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") (which include all applicable individual International Financial Reporting standards, International Accounting Standards and Interpretations ("**IASs**")) approved by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has applied its accounting policies consistently throughout the financial periods ended 31 December 2020 and 2021. These financial statements have been reviewed by the audit committee of the Company (the "**Audit Committee**").

3. APPLICATION OF REVISED STANDARDS AND NEW INTERPRETATION

3.1 Changes in accounting policies and disclosures

The Group has applied the following amendments to IFRSs for the first time for their annual reporting period commencing 1 January 2021:

Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16	*Interest Rate Benchmark Reform (Phase 2)*

None of the amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

3.2 Issued but not yet effective international financial reporting standards

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective for the financial year ended 31 December 2021:

Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred tax related to Assets and Liabilities arisen from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before intended use*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
IFRS 17	*Insurance Contracts and related Amendments*[2]
Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 9, IFRS 16, IFRS 1 and IAS 41	*Annual Improvements 2018-2020 Cycle*[1]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) the marble block segment is a supplier of marble blocks mainly for further processing, construction or trading; and

(b) the commodity trading segment conducts trading business of commodities.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's loss before tax except that interest income, non-lease-related finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents, equity investments at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2021	Marble block *RMB'000*	Commodity trading *RMB'000*	Total *RMB'000*
Segment revenue *(note 5)*			
Sales to external customers	**24,667**	**—**	**24,667**
Revenue			**24,667**
Segment results	**3,266**	**(711)**	**2,555**
Reconciliation:			
Interest income			**58**
Finance costs (other than interest on lease liabilities)			**(91)**
Corporate and other unallocated expenses			**(6,404)**
Loss before tax			**(3,882)**
Segment assets	**39,420**	**18,328**	**57,748**
Reconciliation:			
Elimination of intersegment receivables			**(18,067)**
Corporate and other unallocated assets			**27,634**
Total assets			**67,315**
Segment liabilities	**23,669**	**579**	**24,248**
Reconciliation:			
Elimination of intersegment payables			**(18,067)**
Corporate and other unallocated liabilities			**3,468**
Total liabilities			**9,649**

Year ended 31 December 2021	Marble block *RMB'000*	Commodity trading *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Other segment information:				
Depreciation and amortisation	**1,532**	**2**	**1,183**	**2,717**
Capital expenditure*	**197**	**—**	**7**	**204**
Impairment losses of other receivables recognised in the statement of profit or loss, net	**540**	**—**	**—**	**540**
Reversal of impairment losses of trade receivables recognised in the statement of profit or loss, net	**—**	**(12)**	**—**	**(12)**

* Capital expenditure consists of additions to property, plant and equipment.

Year ended 31 December 2020	Marble block *RMB'000*	Commodity trading *RMB'000*	Total *RMB'000*
Segment revenue *(note 5)*			
Sales to external customers	20,248	—	20,248
Revenue			20,248
Segment results	(2,771)	(2,201)	(4,972)
Reconciliation:			
Interest income			42
Finance costs (other than interest on lease liabilities)			(85)
Corporate and other unallocated expenses			(7,876)
Loss before tax			(12,891)
Segment assets	44,271	22,089	66,360
Reconciliation:			
Elimination of intersegment receivables			(21,286)
Corporate and other unallocated assets			27,854
Total assets			72,928
Segment liabilities	27,180	591	27,771
Reconciliation:			
Elimination of intersegment payables			(21,286)
Corporate and other unallocated liabilities			5,104
Total liabilities			11,589

Year ended 31 December 2020	Marble block *RMB'000*	Commodity trading *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Other segment information:				
Depreciation and amortisation	1,462	775	1,712	3,949
Capital expenditure*	4,915	—	638	5,553
Reversal of impairment losses of trade receivables recognised in the statement of profit or loss, net	(182)	(99)	—	(281)
Reversal of impairment losses of long-term prepayments recognised in the statement of profit or loss, net	(4)	—	—	(4)

* Capital expenditure consists of additions to property, plant and equipment.

Geographical information

(a) *Revenue from external customers*

	2021	2020
	RMB'000	*RMB'000*
Mainland China	**24,667**	20,248

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

	2021	2020
	RMB'000	*RMB'000*
Hong Kong	**1,079**	1,212
Mainland China	**32,989**	34,026
	34,068	35,238

The non-current assets information above is based on the locations of the assets.

Information about major customers

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

	2021	2020
	RMB'000	*RMB'000*
Customer A	**—**	16,552
Customer B	**4,966**	1,086
Customer C	**3,102**	—

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of goods	**24,667**	20,248

Revenue from contracts with customers

(i) *Disaggregated revenue information*

For the year ended 31 December 2021

Segments	**Marble block**	**Commodity trading**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Type of goods			
Sale of marble blocks	**24,667**	**—**	**24,667**
Geographical markets			
Mainland China	**24,667**	**—**	**24,667**
Timing of revenue recognition			
Goods transferred at a point in time	**24,667**	**—**	**24,667**

For the year ended 31 December 2020

Segments	Marble block	Commodity trading	Total
	RMB'000	*RMB'000*	*RMB'000*
Type of goods			
Sale of marble blocks	20,248	—	20,248
Geographical markets			
Mainland China	20,248	—	20,248
Timing of revenue recognition			
Goods transferred at a point in time	20,248	—	20,248

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

For the year ended 31 December 2021

Segments	**Marble block** *RMB'000*	**Commodity trading** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with customers			
External customers	**24,667**	**—**	**24,667**
Total revenue from contracts with customers	**24,667**	**—**	**24,667**

For the year ended 31 December 2020

Segments	Marble block *RMB'000*	Commodity trading *RMB'000*	Total *RMB'000*
Revenue from contracts with customers			
External customers	20,248	—	20,248
Total revenue from contracts with customers	20,248	—	20,248

There was no revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods.

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of marble blocks

The performance obligation is satisfied upon delivery of the marble blocks and payment is generally due within 30 to 240 days from delivery, except for new customers, where payment in advance is normally required.

There were no transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2021.

	2021	2020
	RMB'000	*RMB'000*
Other income		
Bank interest income	**58**	42
Government grants	**—**	195
Rental of production machinery	**2,286**	1,333
Others	**121**	181
	2,465	1,751
Gains		
Foreign exchange differences, net	**663**	1,562
	3,128	3,313

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2021	2020
	RMB'000	*RMB'000*
Interest on discounted provision for rehabilitation	**91**	85
Interest on lease liabilities	**89**	126
	180	211

7. LOSS BEFORE TAX

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

	2021	2020
	RMB'000	*RMB'000*
Cost of inventories sold	**21,138**	22,355
Staff costs (including directors' remuneration):		
Wages and salaries	**3,448**	5,109
Pension scheme contributions	**194**	153
	3,642	5,262
Auditor's remuneration		
– Audit services	**880**	920
– Non-audit services	**—**	156
Amortisation of other intangible assets*	**614**	723
Amortisation of long-term prepayments*	**81**	84
Bad debts written off *(note 12)*	**12**	—
Depreciation of items of property, plant and equipment*	**1,067**	985
Depreciation of right-of-use assets	**955**	2,157
Foreign exchange differences, net	**(663)**	(1,562)
Losses on changes in fair value of financial assets at fair value through profit or loss:		
– Unrealised fair value losses of financial assets at fair value through profit or loss	**168**	83
– Losses on disposal of financial assets at fair value through profit or loss	**22**	647
	190	730
Reversal of impairment losses of trade receivables *(note 12)*	**(12)**	(281)
Impairment losses of other receivables *(note 13)*	**540**	—
Reversal of impairment losses of long-term prepayments	**—**	(4)
Lease payments not included in the measurement of lease liabilities	**48**	3
Written off of property, plant and equipment	**78**	71
Written off of long-term prepayments	**—**	1

* The amortisation of other intangible assets, long-term prepayments and partial depreciation of property, plant and equipment for the year and prior year is included in "Cost of inventories sold" in the consolidated statement of 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 Hong Kong profits tax is provided as there is no estimated assessable profit for the year (2020: Nil).

Provision for the People's Republic of China (the "**PRC**") corporate income tax ("**CIT**") is based on the CIT rate applicable to the subsidiaries located in Mainland China as determined in accordance with the relevant income tax rules and regulations of the PRC. The Group's subsidiaries located in Mainland China were generally subject to the PRC CIT at the rate of 25%, except for subsidiaries which are eligible as Small Low-profit Enterprise* (小型微利企業). From 1 January 2019 to 31 December 2021, a Small Low-profit Enterprise with an annual taxable profit of less than RMB1 million, is subject to CIT calculated at 25% of its taxable profit at a tax rate of 20%. During the year ended 31 December 2021, a subsidiary (FY2020: two subsidiaries) is subject to the relevant preferential tax treatments.

	2021	2020
	RMB'000	*RMB'000*
Current — Mainland China		
Charge for the year	**24**	25
Under-provision in prior years	**2**	—
Deferred		
Credit for the year	**(1,219)**	(1,116)
Total tax credit for the year	**(1,193)**	(1,091)

A reconciliation of income tax credit applicable to loss before tax at the applicable income tax rate in the PRC to income tax credit of the Group at the effective tax rate is as follows:

	2021	2020
	RMB'000	*RMB'000*
Loss before tax	**(3,882)**	(12,891)
Tax at the PRC tax rate of 25% (2020: 25%)	**(970)**	(3,223)
Tax effect of different taxation rates in other tax jurisdictions	**563**	837
Expenses not deductible for tax	**1,251**	1,304
Income not subject to tax	**(1,729)**	—
Utilisation of tax losses previous not recognised	**—**	(180)
Tax reduction	**(209)**	(101)
Tax losses not recognised	**121**	390
Temporary differences recognised from previous year	**(219)**	(107)
Tax effect of temporary differences not recognised	**(3)**	(11)
Under-provision of prior years income tax	**2**	—
Income tax credit at the Group's effective rate	**(1,193)**	(1,091)

* *For identification purpose only*

9. DIVIDENDS

The board of directors does not recommend the payment of dividends to the ordinary equity holders of the Company for the year ended 31 December 2021 (2020: Nil).

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 4,388,580,000 (2020: 3,892,670,164) in issue during the year.

The basic and diluted loss per share are the same as there is no potentially dilutive ordinary shares in issue for the year (2020: Nil).

The calculation of basic loss per share is based on:

	2021	2020
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the Company used in the basic loss per share calculation	**(2,491)**	(11,762)

	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**4,388,580,000**	3,892,670,164

11. INVENTORIES

	2021	2020
	RMB'000	*RMB'000*
Finished goods	**3,087**	359

12. TRADE RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**5,524**	5,536
Impairment	**(5,524)**	(5,536)
	—	—

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to eight months for major customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non interest bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 6 months	**—**	—
6 months to 12 months	**—**	—
12 months to 24 months	**—**	—
Over 24 months	**—**	—
	—	—

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

	2021	2020
	RMB'000	*RMB'000*
At beginning of year	**5,536**	5,818
Reversal of impairment losses	**(12)**	(281)
Exchange realignment	**—**	(1)
At end of year	**5,524**	5,536

The decrease in loss allowance in 2021 and 2020 were due to the following changes in the gross carrying amount:

(i) For the year ended 31 December 2021, trade receivables of RMB12,000 with a full impairment were written off as bad debts against the Group's loss for the year. As a result of the bad debts written off, there was a decrease of RMB12,000 in the loss allowance.

(ii) For the year ended 31 December 2020, the decrease in the loss allowance of RMB281,000 was a result of a net decrease in the gross carrying amount after the settlement of trade receivables and origination of new trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for each customer. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2021

	Current	**Less than 1-year**	**Past due 1 to 2 years**	**Over 2 years**	**Total**
Expected credit loss rate	**4.49%**	**10.09%**	**17.54%**	**100.00%**	**100.00%**
Gross carrying amount (RMB'000)	**—**	**—**	**—**	**5,524**	**5,524**
Expected credit losses (RMB'000)	**—**	**—**	**—**	**5,524**	**5,524**

As at 31 December 2020

	Current	Less than 1-year	Past due 1 to 2 years	Over 2 years	Total
Expected credit loss rate	4.49%	10.09%	17.54%	100.00%	100.00%
Gross carrying amount (RMB'000)	—	—	—	5,536	5,536
Expected credit losses (RMB'000)	—	—	—	5,536	5,536

13. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2021 *RMB'000*	2020 *RMB'000*
Prepayments	**545**	570
Deposits and other receivables	**4,050**	10,719
	4,595	11,289
Impairment	**(540)**	—
	4,055	11,289

The movements in the loss allowance for other receivables are as follows:

	2021 *RMB'000*	2020 *RMB'000*
At beginning of year	**—**	—
Impairment losses of other receivables	**540**	—
At end of year	**540**	—

Deposits and other receivables mainly represent rental deposits, deposits with suppliers, deposits paid for acquisition of machinery and receivable of refund from a supplier.

For the year ended 31 December 2020, deposits of RMB9,400,000 were related to the acquisition of machinery for marble block production. Due to the outbreak of COVID-19, the supplier was unable to deliver the machinery as per time schedule agreed. On 20 February 2021, the Group and the supplier signed a supplemental agreement to terminate the original sales and purchases contract. According to the supplemental agreement, the supplier agreed to refund the aforesaid deposits as per time schedule agreed.

During the year ended 31 December 2021, the Group received RMB6,000,000 from the supplier and the supplier was unable to settle the remaining amount of the receivable of RMB3,400,000 as per original agreed time schedule for a period of greater than 120 days past due. The management considered that the credit risk of the balance has significantly increased.

Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate, and an allowance of RMB540,000 was provided for the expected credit loss of the remaining balance of receivable from the supplier.

On 10 January 2022, the supplier sent a letter to the Group to request for updating the repayment schedule. According to the updated repayment schedule provided by the supplier, RMBl,000,000 was repaid on January 2022 and RMB600,000 will be repaid on every subsequent months until the remaining balance is fully settled. Up to the date of this announcement, the Group received total RMB1,600,000 out of RMB3,400,000 from the supplier.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021	2020
	RMB'000	*RMB'000*
Listed equity investments, at fair value	**116**	308

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

15. TRADE PAYABLES

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

	2021	2020
	RMB'000	*RMB'000*
Within 3 months	**612**	254
Over 3 months	**444**	457
	1,056	711

The trade payables are non interest bearing and normally settled within 60 days.

16. OTHER PAYABLES AND ACCRUALS

	Notes	2021 RMB'000	2020 RMB'000
Payroll accruals		**298**	343
Other payables	*(a)*	**357**	1,624
Accruals		**1,042**	1,161
Contract liabilities	*(b)*	**2,960**	2,960
		4,657	6,088

Notes:

(a) Other payables are unsecured, non interest bearing and repayable on demand.

(b) Details of contract liabilities are as follows:

	2021 RMB'000	2020 RMB'000
Advances received from customers		
Sale of marble blocks	**2,960**	2,960
Total contract liabilities	**2,960**	2,960

Contract liabilities include advance payment from customers.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the Year, the Group's operating revenue was approximately RMB24.67 million, which represented an increase of approximately 21.82% as compared to the operating revenue of approximately RMB20.25 million for FY2020. The increase in revenue from marble business was mainly due to the exploration of new customers by the Group during the Year. The average selling price of marble block per cubic metre excavated from our mining site for the Year has increased by approximately 24.02% per cubic metre when compared with the price for FY2020. To cope with the need of our customers, the Group has also sold marble and sandstone blocks through purchasing from other suppliers starting from December 2020. As a result, revenue of the Group increased slightly for the Year.

Our customers of the marble business are mainly from the real estate and construction markets of the PRC. Due to the exposure of liquidity problem of some PRC property developers in the second half of 2021, the real estate market has weaken significantly. As a result, downstream industries, which include marble business, were also affected.

Besides, some regions in the PRC experienced different levels of the novel coronavirus ("**COVID-19**") pandemic in the second half of 2021, which affected the execution of contracts signed with the customers. Therefore, the delivery of marble blocks to our customers was further delayed and the revenue for the third and fourth quarters of 2021 was affected.

No revenue was generated from the segment of commodity trading (FY2020: Nil) during the Year. The following table sets forth the breakdown of the Group's revenue by business segment for the Year:

	2021			2020		
	RMB'000	**Percentage to total revenue**	**Gross Profit margin**	*RMB'000*	Percentage to total revenue	Gross Profit margin
Marble block	**24,667**	**100.00%**	**14.31%**	20,248	100.00%	-10.41%
Commodity trading	**—**	**0.00%**	**0.00%**	—	0.00%	0.00%
Total	**24,667**	**100.00%**	**14.31%**	20,248	100.00%	-10.41%

Cost of Sales

The Group's cost of sales decreased from approximately RMB22.36 million for FY2020 to approximately RMB21.14 million for the Year, representing a decrease of approximately 5.46%. The cost of sales for the Year represented the marble blocks mining and purchasing costs. The marble blocks mining costs mainly comprised of mining labour costs, sub-contractor fee, materials consumption, fuel, electricity, processing fee of abandoned stones, depreciation of production equipment, amortisation of mining rights and repairs and maintenance of machinery, whereas the purchasing costs represented the cost of sourcing of marble and sandstone blocks from external suppliers.

Gross Profit/Loss and Gross Profit Margin

The gross profit of the Group increased to approximately RMB3.53 million for the Year (Gross profit margin of approximately 14.31%) when compared with the gross loss for FY2020 of approximately RMB2.11 million (FY2020: gross profit margin of approximately -10.41%). The change in gross profit margin was due to the increase in revenue and decrease of processing fee for abandoned stones accumulated from previous years. Further details of the development expenditures in relation to the Yiduoyan marble mine are set out in the section headed "Major Exploration, Development and Production Activities" in this announcement.

Other Income and Gains

Other income and gains for the Year were approximately RMB3.13 million (FY2020: approximately RMB3.31 million). The decrease for the Year was approximately RMB0.18 million, which was driven by the decrease of government grants and net foreign exchange gain and it was partially offset by the increase of income generated from rental of production machinery.

Selling and Distribution Expenses

During the Year, selling and distribution expenses were approximately RMB0.12 million (FY2020: approximately RMB0.13 million), which primarily comprised port charges and transportation costs. In order to tighten the cost control of the Group, most of the above expenses were reduced to minimal during the Year.

Administrative Expenses

Administrative expenses mainly included legal and professional fees, printing and announcement fee, depreciation, annual listing fee, trip expenses, directors' remuneration, salaries and benefits of staff and other general office expenses. With the adjustment of remunerations of all directors since September 2020 and effective cost control of daily expenses of all back offices, administrative expenses of the Group decreased by approximately RMB3.71 million or 28.43% from approximately RMB13.05 million for FY2020 to approximately RMB9.34 million for the Year.

Impairment on Financial Assets, Net

The management assesses the measurement of expected credit losses in relation to financial assets. During the Year, net amount of impairment losses of approximately RMB0.53 million was recognised (FY2020: approximately RMB0.28 million of impairment losses was reversed). The impairment losses for the Year was mainly due to the delay of the supplier to refund the deposit for acquisition of machinery.

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

As at 31 December 2021, the Group had current equity investments at fair value through profit or loss of approximately RMB0.12 million which were investments in various listed shares (as at 31 December 2020: approximately RMB0.31 million). The Group recorded net fair value loss of equity investments of approximately RMB0.19 million for the Year (FY2020: approximately RMB0.73 million).

Other Operating Expenses

Other operating expenses decreased by approximately 30.77% from approximately RMB0.26 million in FY2020 to approximately RMB0.18 million for the Year, primarily due to in-kind donation of approximately RMB0.05 million (FY2020: approximately RMB0.14 million) made during the COVID-19 pandemic and approximately RMB0.08 million (FY2020: approximately RMB0.07 million) for written off of property, plant, and equipment during the Year.

The Directors performed impairment assessment on the non-financial assets of the marble block operating segment as at 31 December 2021 with reference to a valuation report issued by an independent qualified valuer. No impairment of non-financial assets was provided during the Year (FY2020: Nil). Details of impairment test and related assumptions used for valuation are discussed in the paragraph headed "Impairment Assessment" below.

Finance Costs

Finance costs decreased from approximately RMB0.21 million for FY2020 to approximately RMB0.18 million for the Year. The Group's finance costs represented interest on discounted provision for rehabilitation and lease liabilities of office premises. During the Year, the Group has entered into a new and long-term lease contract for office premises in Hong Kong with a more favourable monthly rent, which in turn reduced the interest on lease liabilities.

Loss Attributable to Owners of the Company

In view of the above factors, loss attributable to owners of the Company was narrowed by 78.82% to approximately RMB2.49 million for the Year (FY2020: loss of approximately RMB11.76 million). The change was mainly resulting from the increase in revenue, gross profit and effective cost control of administrative expenses and other operating expenses incurred during the Year.

Impairment Assessment

With respect to the impairment assessment for non-financial assets of the marble block operating segment, the Group engaged AP Appraisal Limited, an independent qualified valuer, to carry out a valuation of the recoverable amount of the cash-generating unit ("**CGU**") as at 31 December 2021, based on the value-in-use ("**VIU**") calculations. The valuation uses cash flow projections based on financial estimates covering a ten-year period and a discount rate of 14%. Such a projection period was estimated based on the mine reserve and anticipated annual consumption volume. There was no change in the valuation method used in current and prior years. The major underlying assumptions used in the VIU calculation for impairment assessment are summarised as follows:

- the discounted cash flow projections were based on the mine reserve and Director's judgement the mining permit shall be renewed by 30 June 2022 for 10 years till 2031 as mentioned in the letter from relevant government authority;

- the increase of the annual production capacity to 200,000 m^3 per annum will be granted by relevant government authority by 30 June 2022;

- the average gross margin (% of revenue) of 52.23% is based on past practices and expectations of future changes in the market;

- the discount rates using pre-tax rates of 14% that reflect current market assessments of the time value of money and the risk specific to the CGU; and

- the growth rates of sales volume and unit price are by reference to past experience and industry growth forecasts.

The valuation method of discounted cash flow ("**DCF**") was adopted for the calculation of the VIU of the CGU. DCF analysis is a method used to estimate the value of an investment based on its future cash flows. DCF analysis determines the value of the company today based on projections on how much cashflow the company will generate in the future.

According to the Standards and Guidelines for Valuation of Mineral Properties issued by the Special Committee of the Canadian Institute of Mining, Metallurgy and Petroleum on Valuation of Mineral Properties ("**CIMVAL**"), the DCF valuation method is very widely used and is generally accepted in Canada as the preferred method for valuation of mineral properties. CIMVAL is also recognised by the Stock Exchange under Chapter 18 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

No impairment provision was made for the Year as the Directors consider that the recoverable amount of the CGU had exceeded the carrying amount with reference to the valuation report (FY2020: Nil).

BUSINESS REVIEW

Marble and Marble-related Business

During the Year, we are continuously focusing on the development of the Yiduoyan Project, which is an open pit mine located in Hubei Province of the PRC. A total of 6,182 m^3 of marble blocks had been produced, 4,257 m^3 of marble blocks had been sold in 2021. Besides, the Group also purchased and sold other marble and sandstone blocks during the Year. The revenue generated from this business segment during the Year amounted to approximately RMB24.67 million.

After continuous efforts of the sales team, the Group solicited several new customers during the Year. The average selling price of marble block per cubic metre excavated from our mining site increased when compared with the price for FY2020.

Apart from the above, to cope with the need of our customers, the Group has also sold marble and sandstone blocks through purchasing from other suppliers starting from December 2020. As a result, revenue of the Group increased slightly during the Year.

Our customers of the marble business are mainly from the real estate and construction markets of the PRC. Due to the exposure of liquidity problem of some PRC property developers in the second half of 2021, the real estate market has weaken significantly. As a result, downstream industries, which include marble business, were also affected.

Besides, some regions in the PRC experienced different levels of the COVID-19 pandemic in the second half of 2021, which affected the execution of contracts signed with the customers. Therefore, the delivery of marble blocks to our customers was further delayed and the revenue for the third and fourth quarters of 2021 was affected.

On the other hand, as disclosed in our 2020 annual report, the Group was requested by some of the existing customers to postpone the delivery of marble blocks as a result of the COVID-19 pandemic. During the Year, the Group was still having ongoing discussions with these customers regarding the revised terms and in particular, the updated delivery schedule. This is still subject to the COVID-19 situation and further development and the recovery of the construction and property development markets in the PRC.

Trading of Commodities Business

No revenue was generated from the commodity trading business for the Year (FY2020: Nil). Although no revenue was derived from this segment during the Year, the Group has entered into a one year contract with a customer and a supplier in June 2021 for the trading of zinc concentrates. Due to the steep increases in shipping prices and long waiting time for the shipment schedule, the shipment of goods to the customer is still pending. The Group expected the goods can be delivered to customer in 2022.

Relationships with Customers, Suppliers, Contractors and Other Stakeholders

During the Year, there were no material and significant dispute between the Group and its key stakeholders, including employees, customers, suppliers, sub-contractors, banks, regulators and shareholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Environmental Policies

The Group places emphasis on environmental protection in the course of its operation. We have adopted and implemented various measures on an on-going basis to minimise the impact of our operation on the environment and comply with the relevant environmental protection laws and regulations. Such measures include, inter alia, (i) restoring the land damaged by our mining activities pursuant to the relevant land rehabilitation laws and regulations; (ii) using abandoned stones for the access road and transfer pad construction; (iii) reusing domestic wastes as fertiliser; (iv) collecting and treating waste water for recycling in production or for irrigation; (v) adopting wet drilling to reduce fugitive dust emission; and (vi) using low noise equipment to reduce noise emission.

Compliance with Relevant Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, in relation to in particular, those having significant impact on the Group. The Audit Committee of the Company is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

During the Year, the Group has complied with all applicable laws and regulations in Hong Kong and the PRC in all material aspects for the business operation of the Group. Besides, except for the mining permit which is under renewal procedures, the Group has also obtained all material approvals, permits and licences for its current business operations. For further details regarding the renewal of the mining permit, please refer to the announcement of the Company dated 31 December 2021.

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 Year, no further mineral exploration was carried out. As a result, there was no expenditure on mineral exploration.

On 29 January 2022, the Group has engaged Hubei Xiangdi Environmental Resources Co., Ltd.* (湖北襄地環境資源有限公司) for carrying out new exploration work on the Yiduoyan Project. The exploration work has commenced in February 2022.

Development

During the Year, we provided all the staffs and mine workers of the sub-contractor 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 examinations again. Moreover, all staff and mine workers have undergone occupational health examination. As such, we further consummated the staff training and examination files and occupational health records. Besides, we required all staffs and mine workers 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.

For the Year, the Group recorded development expenditures of approximately RMB8.10 million with respect to the expansion of Yiduoyan marble mine.

* *For identification purpose only*

A detailed breakdown of the development expenditures is set out below:

	2021
	RMB'000
Design service fee for safety facilities	**30.0**
Education and training for occupational health	**0.6**
Education and training for production safety	**7.4**
Forest lease payment	**300.0**
Labour protection supplies	**2.1**
Processing fee for abandoned stones	**7,425.0**
Production safety liability insurance	**25.9**
Production safety signs	**5.2**
Purchase of production equipment and machinery	**138.0**
Repairs and maintenance of production equipment and machinery	**47.0**
Safety rescue agreement	**10.0**
Soil and water conservation compensation	**20.4**
Technical consultation service fee for mine reserves	**60.0**
Technical consultation service fee for mine safety	**22.0**
Water resource fee	**3.0**
	8,096.6

Mining Operation

As at 31 December 2021, we had realised sales of 4,257 m^3 of marble blocks. In the first half of the Year, we had conducted detailed inspection, testing and preparation works on horizontal platforms and mining benches. During the Year, our Yiduoyan marble mine block production amounted to 6,182 m^3. It also laid a solid foundation for the commencement of mining operation next year.

During the Year, the expenditure on mining activities of the Group was approximately RMB13.41 million. The expenditure of mining activities was approximately RMB2,169 per m^3 (FY2020: approximately RMB2,758 per m^3). The decrease of production cost per unit mainly caused by the decrease in processing fee for abandoned stones accumulated from previous years.

RESOURCE AND RESERVE

Our Yiduoyan Project is an open pit mine located in Hubei Province of the PRC. Currently, the mining permit of the Yiduoyan Project with permitted production capacity of 20,000 m^3 per annum, covering an area of approximately 0.5209 km^2 has expired on 30 December 2021. The renewal of mining permit was in process. The relevant government departments are currently accelerating the renewal process and assures that the renewal procedures will be completed by 30 June 2022. The Yiduoyan Project contains marble resources with resource expansion potential through exploration according to the independent technical report dated 29 December 2014 (the "**Independent Technical Report**") prepared by SRK Consulting (Hong Kong) Limited set out in Appendix IV to the prospectus of the Company dated 29 December 2014 (the "**Prospectus**").

Yiduoyan Project's marble resource statement as at 31 December 2021

Resource Category	White marble V-1 (million m^3)	Grey marble V-2 (million m^3)	Total (million m^3)
Inferred	1.80	1.50	3.30
Indicated	5.42	1.80	7.22
Total	7.22	3.30	10.52

Yiduoyan Project's marble reserve statement as at 31 December 2021

Reserve Category	White marble V-1 (million m^3)	Grey marble V-2 (million m^3)	Total (million m^3)
Probable	0.80	0.04	0.84

Note:

(1) The above table summarises the marble resource and reserve estimates prepared in accordance with JORC Code (2012 Edition) and are based on the Independent Technical Report.

(2) There was no material change in these estimates during the period from 30 June 2014 to 31 December 2021.

(3) Please refer to the Prospectus for the assumptions and methods used for making the above estimated resources and reserves.

MAJOR ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the Year.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group identified various principal risk factors and uncertainties that may affect our operating results and business prospects, including but not limited to the following:

Risk factors and uncertainties	**Risk response**
Limited talents in mining industry	
The Yiduoyan Project is still in the development stage where full-scale site construction is currently taking place. The business growth of the Group is highly dependent on certain senior management members. Failure to retain the current key personnel and hire, train and retain senior executives may adversely affect the business and prospects of the Group.	The Group will actively recruit more talents who have professional knowledge or relevant experience in mining industry which can give recommendations to further develop and enhance the operation of Yiduoyan Project.
Single mining project	
We have only one mining project, the Yiduoyan Project. We expect the Yiduoyan Project will remain our only operating mine in the near future upon which we will depend on for the majority of our operating revenue and cash flows. The Yiduoyan Project is in the development stage where full-scale site construction is currently taking place, and its operations are subject to a number of operating risks and hazards as described below. As such, the Yiduoyan Project may not ultimately become profitable. If we fail to derive the expected economic benefits from the Yiduoyan Project due to any delay or difficulty in its development, the occurrence of any event that causes it to operate at less-than-optimal capacity or any other negative development as described below, our business, financial condition and results of operations could be materially and adversely affected.	Apart from Yiduoyan Project, the Group continues to seek for other investment or business opportunities to broaden its income source and to further develop its business.

Risk factors and uncertainties	**Risk response**
Single marble product	
The business and profitability of the Group depend on the customers' preferences, demand and supply on different types of marble blocks. Any adverse changes in market demand, customer preferences or market prices, and excess supply may have a material and adverse impact on the operating results of the Group.	The Group closely monitors the changes in the mining and construction industry. If our customers request for other types of marble blocks, we shall source those products from other suppliers. Besides, the board of directors will continue to look for other profitable mining projects to expand the group's sources of income and further develop its business.
Operating risks and hazards	
Our mining operations are subject to a number of operating risks and hazards, some of which are beyond our control. These operating risks and hazards include: (i) unexpected maintenance or technical problems; (ii) interruptions of our mining operations due to unfavourable weather conditions and natural disasters (such as earthquakes, floods and landslides); (iii) accidents; (iv) unexpected outbreak of epidemic diseases; (v) electricity or water supplies interruptions; (vi) critical equipment failures in our mining operations; and (vii) unusual or unexpected variations in the mine and geological or mining conditions, such as instability of the slopes and subsidence of the working areas. These risks and hazards may result in personal injury, damage to, or destruction of production facilities, environmental damages and could temporarily disrupt our operations and damage our business reputation. Any disruption for a prolonged period to the operations of our mine or production facilities may have a material adverse effect on our business, financial condition and results of operations.	The COVID-19 pandemic had resulted in delay in execution of signed contracts since 2020. The Group continues to manage the cost carefully and optimise the resources utilisation. In addition to the Yiduoyan Project in Hubei Province, the Group will try its best to diverse its trading business of marble in other regions of the PRC in the future. If one of the cities in the PRC is being locked down, the business located at other cities can still be operated as usual to minimise the adverse impact on operations and financial conditions of the Group.

Risk factors and uncertainties	Risk response
Postponement of delivery of marble and sandstone blocks	
Certain existing customers requested the Group to delay the delivery of marble and sandstone blocks due to the COVID-19 pandemic, which would delay the Group's revenue recognition and affect the Group's financial position adversely.	With the ongoing COVID-19 pandemic around the world and the increment of shipping costs, some marble and sandstone blocks imported from other countries through agents may not be delivered on time, which in turn affecting the trading of marble and sandstone blocks. The Group will continue to look for other qualified suppliers locally, hoping to complement with the existing foreign suppliers or reduce the delay in delivery of goods due to shipping and freight problems.

For more details about the general risks and uncertainties facing the Group, please refer to the Prospectus.

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: (i) develop the Yiduoyan Project; (ii) develop product recognition; (iii) expand our resources and reserve through further and selective acquisition; (iv) expand marble trading business to cope with customers' needs; and (v) develop commodity trading business.

Response to COVID-19

During the Year, the Group has, in a timely manner, put in place numerous precautionary measures, procured essential protective supplies and implemented various flexible working arrangements to ensure the health and safety of all its employees in different regions.

The ongoing COVID-19 pandemic will continue to pose a challenge to the world in the foreseeable future. However, with the launch of COVID-19 vaccination programme, it is expected that the global immunisation, prevention and control work of COVID-19 pandemic will be further improved. The Group has used, and will continue to use, its best endeavors to mitigate the adverse impact of the COVID-19 pandemic on the Group.

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 pandemic 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

Having considered (i) the COVID-19 pandemic is gradually brought under control in the PRC, (ii) the improvement of liquidity of some PRC property developers after disposing of some projects and investments and (iii) the government authorities eased some policies on the real estate industry, it is expected that the demand of the marble block will be steadily improved. We will continue to develop the Yiduoyan Project and are optimistic about the future prospects of our marble business. 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.

In June 2020 and June 2021, the Group has submitted applications to the Natural Resources and Planning of Nanzhang County Bureau* (南漳縣自然資源和規劃局) (the "**Bureau**") for (i) enhancing the annual production capacity of the Yiduoyan Project to 200,000 cubic meters per annum; and (ii) renewing the mining permit. On 17 December 2021, the Bureau issued a letter to the Company regarding the renewal status of the mining permit (the "**Letter**"). As stated in the Letter, the Bureau has accepted the application for renewal of the mining permit. However, due to the impact of the ongoing COVID-19 pandemic, the relevant government departments and third-party evaluation agencies failed to issue the relevant reports required for purpose of processing the renewal on time. As a result, the Bureau was unable to complete the renewal procedures and issue the renewed mining permit within the statutory time limit. The Bureau states in the Letter that the relevant government departments are currently accelerating the renewal process and assures that the renewal procedures will be completed by 30 June 2022. For further details, please refer to the announcement of the Company dated 31 December 2021. We will update the application status as appropriate.

* *For identification purpose only*

On 29 January 2022, the Group has engaged Hubei Xiangdi Environmental Resources Co., Ltd.* (湖北襄地環境資源有限公司) for carrying out new exploration work on the Yiduoyan Project, which may enhance the resources and reserve of the Group in the future. The exploration work has commenced in February 2022.

Besides, we will increase product varieties and recognition through industry exchanges. We have and will continue to identify new suppliers of marble and marble-related business for sourcing of different kind of marble block to cope with our customers' needs. 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. With the new trading contract on hand, it is expected that the source of revenue of the Group will be diversified in the coming years. Other than the existing customer, we will look for other attractive opportunities in the commodities trading business.

SEGMENT INFORMATION

Particulars of the Group's segment information are set out in note 4 to the financial statements of this announcement.

LIQUIDITY, CAPITAL RESOURCES AND GEARING RATIO

During the Year, 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 in prior years as well as cash generated from operation.

As at 31 December 2021, the Group had cash and cash equivalents of approximately RMB25.99 million which were denominated in Hong Kong dollars and Renminbi (as at 31 December 2020: approximately RMB25.73 million).

The Group had no borrowings as at 31 December 2021. 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 31 December 2021 was approximately 5.19 times as compared to 5.2 times as at 31 December 2020, based on current assets of approximately RMB33.25 million (as at 31 December 2020: approximately RMB37.69 million) and current liabilities of approximately RMB6.41 million (as at 31 December 2020: approximately RMB7.25 million).

* *For identification purpose only*

CAPITAL STRUCTURE

There had been no material change in the capital structure of the Group since 31 December 2020.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group employed a total of 22 full time employees (as at 31 December 2020: 20 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.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

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 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 in 2020.

On 16 July 2020, the Vendor and the Company have agreed to terminate the aforesaid sale and purchase agreement. The refundable deposit has been subsequently received by the Company from the Vendor. Please also refer to the announcement of the Company dated 16 July 2020 for further details.

Save and except those disclosed above, the Group did not have any capital commitments and contingent liabilities as at 31 December 2021.

CHARGES OVER THE GROUP'S ASSETS

There were no charges over the Group's assets as at 31 December 2021.

SIGNIFICANT INVESTMENTS

The Group had no material securities investments during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there was no specific plan for material investments or capital asset as at 31 December 2021.

* *For identification purpose only*

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's monetary assets, liabilities and transactions are mainly denominated in Hong Kong dollars ("**HKD**") and Renminbi ("**RMB**"). During the Year, the Group did not use financial instruments for hedging purposes. The Group will continue to monitor the related foreign currency exposure and take necessary procedures to reduce the currency risks arising from the fluctuations in exchange rates at reasonable costs.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

AUDIT COMMITTEE

The Company has established an Audit Committee in compliance with the Listing Rules. The Audit Committee consists of all the independent non-executive Directors, namely Ms. Liu Shuyan, Mr. Chen Xun, Mr. Zhang Yijun and Prof. Lau Chi Pang *J.P.*. It is chaired by Ms. Liu Shuyan.

The Audit Committee had, among other things, reviewed the annual results of the Group for the Year.

OTHER COMMITTEES

Besides the Audit Committee, the Board has also established a Remuneration Committee and a Nomination Committee. Each Committee has its defined scope of duties and written terms of reference.

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 Year. The Company will continue to enhance its corporate governance practices appropriate to the operation and growth of its business.

Under code provision A.2.7 of the CG Code, the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. The office of the chairman was vacated since March 2020. The Company intends to appoint a suitable candidate internally for the position as the chairman of the Board and such internal selection process is still ongoing as at the date of this announcement. The Company will comply with this Code Provision after the appointment of the chairman.

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**").

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

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2021 and up to the date of this announcement.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the Year.

AUDITORS

The consolidated financial statements of the Group for the Year have been audited by Messrs. Lau & Au Yeung C.P.A. Limited, which will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting ("**2022 AGM**") of the Company. A resolution for the re-appointment of Messrs. Lau & Au Yeung C.P.A. Limited as the Group's auditor will be proposed at the 2022 AGM.

REVIEW OF ANNUAL FINANCIAL STATEMENTS

The figures in respect of the preliminary announcement of the Group's annual results for the Year have been agreed by the auditors of the Company.

PUBLICATION OF ANNUAL RESULTS AND 2021 ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.futurebrightltd.com). The 2021 annual report of the Company 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, 7 March 2022

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