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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 2022

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 2022 (the “**Period**”) together with the comparative figures for the corresponding period in 2021 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		2022	2021
		(unaudited)	(unaudited)
	<i>Notes</i>	RMB'000	RMB'000
REVENUE	4	12,884	21,973
Cost of sales		<u>(9,240)</u>	<u>(16,413)</u>
Gross profit		3,644	5,560
Other income and gains	5	248	1,185
Selling and distribution expenses		–	(107)
Administrative expenses		(7,294)	(4,289)
Reversal of impairment losses on financial assets, net		6,064	–
Losses on changes in fair value of financial assets at fair value through profit or loss		(1)	(110)
Other operating (expenses)/income		(6,601)	97
Finance costs	6	<u>(77)</u>	<u>(91)</u>

	<i>Notes</i>	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
(LOSS)/PROFIT BEFORE TAX	7	(4,017)	2,245
Income tax credit	8	<u>11</u>	<u>75</u>
(LOSS)/PROFIT FOR THE PERIOD		<u>(4,006)</u>	<u>2,320</u>
(Loss)/profit attributable to:			
Owners of the Company		(3,998)	2,396
Non-controlling interests		<u>(8)</u>	<u>(76)</u>
		<u>(4,006)</u>	<u>2,320</u>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (RMB cents)	9	<u>(0.09)</u>	<u>0.05</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
(LOSS)/PROFIT FOR THE PERIOD	<u>(4,006)</u>	<u>2,320</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>1,085</u>	<u>(355)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>1,085</u>	<u>(355)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(2,921)</u>	<u>1,965</u>
Attributable to:		
Owners of the Company	<u>(2,911)</u>	2,041
Non-controlling interests	<u>(10)</u>	<u>(76)</u>
	<u>(2,921)</u>	<u>1,965</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

		30 June 2022 (unaudited) <i>RMB'000</i>	31 December 2021 (audited) <i>RMB'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	<i>11</i>	12,558	12,857
Right-of-use assets	<i>11</i>	983	1,338
Other intangible assets	<i>11</i>	19,873	19,873
Total non-current assets		33,414	34,068
CURRENT ASSETS			
Inventories		1,285	3,087
Trade receivables	<i>12</i>	–	–
Prepayments, deposits and other receivables	<i>13</i>	2,581	4,055
Financial assets at fair value through profit or loss		121	116
Cash and cash equivalents		30,051	25,989
Total current assets		34,038	33,247
CURRENT LIABILITIES			
Trade payables	<i>14</i>	515	1,056
Other payables and accruals		5,539	4,657
Short-term loan		513	–
Amount due to a related party	<i>18</i>	2,000	–
Amount due to the ultimate controlling shareholder	<i>18</i>	513	–
Lease liabilities	<i>15</i>	489	692
Tax payable		14	–
Total current liabilities		9,583	6,405
NET CURRENT ASSETS		24,455	26,842
TOTAL ASSETS LESS CURRENT LIABILITIES		57,869	60,910

		30 June	31 December
		2022	2021
		(unaudited)	(audited)
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	<i>15</i>	–	130
Deferred tax liabilities		1,652	1,676
Provision for rehabilitation	<i>16</i>	1,487	1,438
		<hr/>	<hr/>
Total non-current liabilities		3,139	3,244
		<hr/>	<hr/>
Net assets		54,730	57,666
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>17</i>	3,524	3,524
Reserves		53,140	56,066
		<hr/>	<hr/>
		56,664	59,590
Non-controlling interests		(1,934)	(1,924)
		<hr/>	<hr/>
Total equity		54,730	57,666
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

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 2022 (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 2022 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 2021.

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 2021, except for the adoption of new and revised International Financial Reporting Standards (“**IFRSs**”) effective for the annual period beginning on or after 1 January 2022:

Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before intended use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IFRS1, IFRS 9, IFRS 16 and IAS 41	<i>Annual Improvements 2018-2020 Cycle</i>
Amendments to IFRS 16	<i>Leases: COVID-19-Related Rent Concessions beyond 30 June 2021</i>

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 2022

	Marble block (unaudited) <i>RMB'000</i>	Commodity trading (unaudited) <i>RMB'000</i>	Total (unaudited) <i>RMB'000</i>
Segment revenue:			
Sales to external customers	5,607	7,277	<u>12,884</u>
Revenue			<u><u>12,884</u></u>
Segment results	(470)	555	85
<i>Reconciliation:</i>			
Interest income			38
Finance costs (Other than interest on lease liabilities)			(49)
Corporate and other unallocated expenses			<u>(4,091)</u>
Loss before tax			<u><u>(4,017)</u></u>

Six months ended 30 June 2021

	Marble block (unaudited) <i>RMB'000</i>	Commodity trading (unaudited) <i>RMB'000</i>	Total (unaudited) <i>RMB'000</i>
Segment revenue:			
Sales to external customers	21,973	–	<u>21,973</u>
Revenue			<u><u>21,973</u></u>
Segment results	5,462	(332)	5,130
<i>Reconciliation:</i>			
Interest income			25
Finance costs (Other than interest on lease liabilities)			(45)
Corporate and other unallocated expenses			<u>(2,865)</u>
Profit before tax			<u><u>2,245</u></u>

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2022 and 31 December 2021, respectively.

30 June 2022

	Marble block (unaudited) RMB'000	Commodity trading (unaudited) RMB'000	Total (unaudited) RMB'000
Segment assets:	34,438	20,784	55,222
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(18,067)
Corporate and other unallocated assets			30,297
Total assets			<u>67,452</u>
Segment liabilities:	24,648	2,903	27,551
<i>Reconciliation:</i>			
Elimination of intersegment payables			(18,067)
Corporate and other unallocated liabilities			3,238
Total liabilities			<u>12,722</u>

31 December 2021

	Marble block (audited) RMB'000	Commodity trading (audited) RMB'000	Total (audited) RMB'000
Segment assets:	39,420	18,328	57,748
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(18,067)
Corporate and other unallocated assets			27,634
Total assets			<u>67,315</u>
Segment liabilities:	23,669	579	24,248
<i>Reconciliation:</i>			
Elimination of intersegment payables			(18,067)
Corporate and other unallocated liabilities			3,468
Total liabilities			<u>9,649</u>

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022	2021
	(unaudited) HK\$'000	(unaudited) HK\$'000
Revenue from contracts with customers		
Sale of goods	<u>12,884</u>	<u>21,973</u>

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2022

Segments	Marble block (unaudited) RMB'000	Commodity trading (unaudited) RMB'000	Total (unaudited) RMB'000
Type of goods or services			
Sale of marble blocks	5,607	–	5,607
Sale of coals	–	7,277	7,277
	<u>5,607</u>	<u>7,277</u>	<u>12,884</u>
Geographical markets			
Mainland China	<u>5,607</u>	<u>7,277</u>	<u>12,884</u>
Timing of revenue recognition			
Goods transferred at a point in time	<u>5,607</u>	<u>7,277</u>	<u>12,884</u>

For the six months ended 30 June 2021

Segments	Marble block (unaudited) RMB'000	Commodity trading (unaudited) RMB'000	Total (unaudited) RMB'000
Type of goods or services			
Sale of marble blocks	<u>21,973</u>	–	<u>21,973</u>
Geographical markets			
Mainland China	<u>21,973</u>	–	<u>21,973</u>
Timing of revenue recognition			
Goods transferred at a point in time	<u>21,973</u>	–	<u>21,973</u>

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 2022

Segments	Marble block (unaudited) <i>RMB'000</i>	Commodity trading (unaudited) <i>RMB'000</i>	Total (unaudited) <i>RMB'000</i>
Revenue from contracts with customers			
External customers	<u>5,607</u>	<u>7,277</u>	<u>12,884</u>

For the six months ended 30 June 2021

Segments	Marble block (unaudited) <i>RMB'000</i>	Commodity trading (unaudited) <i>RMB'000</i>	Total (unaudited) <i>RMB'000</i>
Revenue from contracts with customers			
External customers	<u>21,973</u>	<u>–</u>	<u>21,973</u>

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2022 (unaudited) <i>RMB'000</i>	2021 (unaudited) <i>RMB'000</i>
Bank interest income	38	25
Government grants	84	–
Rental of production machinery	–	1,143
Others	<u>126</u>	<u>17</u>
	<u>248</u>	<u>1,185</u>

6. FINANCE COSTS

	For the six months ended 30 June	
	2022	2021
	(unaudited) RMB'000	(unaudited) RMB'000
Interest on lease liabilities	28	45
Unwinding of discount (<i>Note 16</i>)	49	46
	<u>77</u>	<u>91</u>

7. (LOSS)/PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2022	2021
	(unaudited) RMB'000	(unaudited) RMB'000
Cost of inventories sold	9,240	16,413
Staff costs (including directors' remuneration)		
Wages and salaries	2,294	1,659
Pension scheme contributions	189	95
	<u>2,483</u>	<u>1,754</u>
Amortisation of other intangible assets* (<i>Note 11</i>)	–	404
Amortisation of long-term prepayments*	–	42
Bad debts written off	5,524	–
Depreciation of property, plant and equipment* (<i>Note 11</i>)	332	603
Depreciation of right-of-use assets (<i>Note 11</i>)	380	580
Foreign exchange difference, net	1,036	(264)
Losses on changes in fair value of financial assets		
at fair value through profit or loss	1	110
Operating lease rentals	2	24
Reversal of impairment losses of trade receivables (<i>Note 12</i>)	(5,524)	–
Reversal of impairment losses of other receivables	(540)	–
Reversal of impairment losses of property, plant and equipment	–	(1)
Written off of property, plant and equipment	–	77

* The amortisation of other intangible assets, long-term prepayments and partial depreciation of property, plant and equipment for the Period and prior period is included in “Cost of inventories sold” in 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 provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from Hong Kong during the Period (six months ended 30 June 2021: nil).

Provision for 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 for the Period. 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 2022, 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 Period, a subsidiary (six months ended 30 June 2021: one subsidiary) is subject to the relevant preferential tax treatments.

	For the six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
	RMB’000	RMB’000
Current — Mainland China		
Provision for the Period	14	24
(Over)/under provision in prior years	(1)	2
Deferred		
Tax credit for the Period	(24)	(101)
Total tax credit for the Period	(11)	(75)

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

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the Period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 4,388,580,000 (six months ended 30 June 2021: 4,388,580,000) in issue during the Period.

The basic and diluted (loss)/earnings per share are the same as there is no potentially dilutive ordinary shares in issue for the six months ended 30 June 2022 and 2021.

* For identification purposes only

The calculations of basic and diluted (loss)/earnings per share are based on:

	For the six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
	RMB'000	RMB'000
(Loss)/profit		
(Loss)/profit attributable to ordinary equity holders of the Company	<u>(3,998)</u>	<u>2,396</u>
	Number of shares For the six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
Shares		
Weighted average number of ordinary shares in issue during the Period used in the basic (loss)/earnings per share calculation	<u>4,388,580,000</u>	<u>4,388,580,000</u>

10. DIVIDEND

The Board did not declare or recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

11. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND OTHER INTANGIBLE ASSETS

Movements in property, plant and equipment, right-of-use assets and other intangible assets during the six months ended 30 June 2022 are as follows:

	Property, plant and equipment RMB'000	Right- of-use assets RMB'000	Other intangible assets RMB'000
Carrying amount at 1 January 2022 (audited)	12,857	1,338	19,873
Additions	19	–	–
Depreciation/amortisation charged for the Period	(332)	(380)	–
Exchange realignment	<u>14</u>	<u>25</u>	<u>–</u>
Carrying amount at 30 June 2022 (unaudited)	<u>12,558</u>	<u>983</u>	<u>19,873</u>

12. TRADE RECEIVABLES

	30 June 2022 (unaudited) RMB'000	31 December 2021 (audited) RMB'000
Trade receivables	–	5,524
Impairment	–	(5,524)
	<u>–</u>	<u>(5,524)</u>
Total	<u>–</u>	<u>–</u>

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

	30 June 2022 (unaudited) RMB'000	31 December 2021 (audited) RMB'000
Within 6 months	–	–
6 to 12 months	–	–
	<u>–</u>	<u>–</u>
Total	<u>–</u>	<u>–</u>

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

	30 June 2022 (unaudited) RMB'000	31 December 2021 (audited) RMB'000
At the beginning of Period	5,524	5,536
Reversal of impairment losses	(5,524)	(12)
	<u>–</u>	<u>(12)</u>
At the end of Period	<u>–</u>	<u>5,524</u>

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2022 (unaudited) RMB'000	31 December 2021 (audited) RMB'000
Prepayments	570	545
Deposits and other receivables	<u>2,011</u>	<u>4,050</u>
	2,581	4,595
Impairment	<u>-</u>	<u>(540)</u>
	<u>2,581</u>	<u>4,055</u>

As at 30 June 2022, the loss allowance of the financial assets included in the above balances relate to receivables was assessed to be minimal.

14. TRADE PAYABLES

	30 June 2022 (unaudited) RMB'000	31 December 2021 (audited) RMB'000
Within 3 months	50	612
Over 3 months	<u>465</u>	<u>444</u>
	<u>515</u>	<u>1,056</u>

15. LEASE LIABILITIES

	30 June 2022 (unaudited) RMB'000	31 December 2021 (audited) RMB'000
Current	489	692
Non-current	<u>-</u>	<u>130</u>
	<u>489</u>	<u>822</u>

16. PROVISION FOR REHABILITATION

	30 June 2022 (unaudited) RMB'000	31 December 2021 (audited) RMB'000
At the beginning of Period	1,438	1,347
Unwinding of discount (<i>Note 6</i>)	<u>49</u>	<u>91</u>
At the end of Period	<u>1,487</u>	<u>1,438</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.

17. SHARE CAPITAL

	30 June 2022 (unaudited) RMB'000	31 December 2021 (audited) RMB'000
Issued and fully paid: 4,388,580,000 (31 December 2021: 4,388,580,000) ordinary shares	<u>3,524</u>	<u>3,524</u>

18. RELATED PARTY TRANSACTIONS

(a) Outstanding balances with related parties

	30 June 2022 (unaudited) RMB'000	31 December 2021 (audited) RMB'000
Due to a related party (<i>Note 1</i>)	2,000	–
Due to the ultimate controlling shareholder (<i>Note 2</i>)	513	–

Notes:

(1) The balance represents amount due to the spouse of Mr. Yang Jiantong, an executive director of the Company. The balance is unsecured, interest-free and has no fixed terms of repayment.

(2) The balance is unsecured, interest-free and has no fixed terms of repayment.

(b) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Salaries, allowances and benefits in kind	1,278	1,074
Pension scheme contributions	42	30
	1,320	1,104

19. 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	31 December	30 June	31 December
	2022	2021	2022	2021
	(unaudited)	(audited)	(unaudited)	(audited)
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at fair value through profit or loss	<u>121</u>	<u>116</u>	<u>121</u>	<u>116</u>

Management has assessed that the fair values of cash and cash equivalents, trade receivables, and financial assets included in prepayments, deposits and other receivables, and financial liabilities included in trade payables, other payables and accruals, amount due to a related party and amount due to the ultimate controlling shareholder 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 2022

	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>121</u>	<u>-</u>	<u>-</u>	<u>121</u>

As at 31 December 2021

	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>116</u>	<u>-</u>	<u>-</u>	<u>116</u>

20. EVENTS AFTER THE REPORTING PERIOD

On 15 July 2022, the Company has entered into the provisional tenancy agreement in respect of the lease of the office premises for the period from 15 August 2022 to 14 August 2024. The total consideration payable by the Company under the provisional tenancy agreement (including the rent, air-conditioning and management charges, government rates and other outgoings) is expected to be approximately HK\$8 million. For details, please refer to the Company's announcement dated 15 July 2022.

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2022 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the Period, the operating revenue of the Group was approximately RMB12.88 million, which represented a decrease of approximately 41.37% as compared to the operating revenue of approximately RMB21.97 million for the six months ended 30 June 2021. Although the average selling price of marble block per cubic metre excavated from our mining site for the Period has increased by approximately 17.46% per cubic metre when compared with the price for the six months ended 30 June 2021, the continuation of novel coronavirus (“COVID-19”) pandemic and the debt crisis of some of the PRC property developers have affected the overall market condition and sentiment of the real estate and construction industry. Some of these PRC property developers, being customers of the Company’s marble business, requested to delay the orders and reduce the volume of marble blocks ordered. Besides, due to the incremental increase in shipping prices globally, it was difficult to arrange shipment of marble blocks from overseas at a reasonable price. As a result, revenue of the Group for the Period has been negatively affected.

In order to diversify the existing business of the Group, a new subsidiary was established for the trading of coals commencing from June 2022. The following table sets forth the breakdown of the Group’s revenue by business segment for the Period:

	2022			2021		
	<i>Percentage</i>	<i>Gross</i>		<i>Percentage</i>	<i>Gross</i>	
	<i>to total</i>	<i>profit</i>		<i>to total</i>	<i>profit</i>	
	<i>revenue</i>	<i>margin</i>		<i>revenue</i>	<i>margin</i>	
	<i>RMB’000</i>		<i>RMB’000</i>			
Marble block	5,607	43.52%	53.36%	21,973	100.00%	25.30%
Commodity trading	7,277	56.48%	8.96%	–	–	0.00%
Total	<u>12,884</u>	<u>100.00%</u>	<u>28.28%</u>	<u>21,973</u>	<u>100.00%</u>	<u>25.30%</u>

Cost of Sales

The Group's cost of sales decreased from approximately RMB16.41 million for the six months ended 30 June 2021 to approximately RMB9.24 million for the Period, representing a decrease of approximately 43.69%. The cost of sales included both marble blocks mining costs 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 and amortisation of mining rights, whereas the purchasing costs represented the cost of sourcing of coals, marble and sandstone blocks from external suppliers.

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased to approximately RMB3.64 million for the Period (gross profit margin of approximately 28.28%) when compared with the gross profit for the six months ended 30 June 2021 of approximately RMB5.56 million (six months ended 30 June 2021: gross profit margin of approximately 25.30%).

The gross profit margin for the segment of marble block increased to approximately 53.36% as compared to the gross profit margin of approximately 25.30% for the corresponding period in 2021. The change was due to the increase of the average selling price of marble block and decrease of processing fee for abandoned stones accumulated from previous years. However, the increase of the gross profit margin of the marble block segment was partially offset by the lower profit margin of the commodity trading segment, being approximately 8.96%, which in turn resulted in an average gross profit margin of approximately 28.28% of the Group for the Period.

Other Income and Gains

Other income and gains for the Period were approximately RMB0.25 million, which represented a decrease of approximately RMB0.94 million as compared to the other income and gains of approximately RMB1.19 million for the six months ended 30 June 2021. The decrease was mainly attributable to the decrease of rental income of production machinery from approximately RMB1.14 million to nil for the Period.

Selling and Distribution Expenses

During the Period, no selling and distribution expenses were incurred as all transportation costs were borne by customers for the Period (six months ended 30 June 2021: approximately RMB0.11 million).

Administrative Expenses

Administrative expenses mainly included legal and professional fees, exploration expenses, printing and announcement fee, depreciation, amortisation of annual listing fee, directors' remuneration, salaries and benefits of staff and other general office expenses. During the Period, administrative expenses of the Group increased by approximately RMB3 million or 69.93% from approximately RMB4.29 million for the six months ended 30 June 2021 to approximately RMB7.29 million for the Period. The increase was mainly driven by the additional amount of exploration expenses incurred for the exploration work carried out for renewal of the mining permit.

Impairment on Financial Assets, Net

The management assessed the measurement of expected credit losses in relation to financial assets and an impairment losses of approximately RMB6.06 million was reversed for the Period (six months ended 30 June 2021: nil). The reversal of impairment losses was mainly due to the refund of the deposit for acquisition of machinery of approximately RMB3.40 million during the Period and written-off long outstanding trade receivables of approximately RMB5.52 million in prior years.

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

As at 30 June 2022, the Group had current equity investments at fair value through profit or loss of approximately RMB0.12 million (representing approximately 0.18% of the Group's total assets as at 30 June 2022) which comprised investments in various Hong Kong listed shares (six months ended 30 June 2021: approximately RMB0.17 million). The Group recorded net fair value loss of the equity investments of approximately RMB1,000 for the Period (six months ended 30 June 2021: fair value loss of approximately RMB0.11 million).

Other Operating Expenses/Income

Other operating income of approximately RMB0.10 million for the six months ended 30 June 2021 turned to operating expenses of approximately RMB6.60 million for the Period, primarily due to the bad debts written off of approximately RMB5.52 million for the Period (six months ended 30 June 2021: nil). These long outstanding balances were brought forward from previous years of the marble block segment and were considered to be uncollectible. Other operating expenses also included net foreign exchange loss of approximately RMB1.04 million for the Period (six months ended 30 June 2021: net exchange gain of approximately RMB0.26 million) and cash and in-kind donation of approximately RMB0.03 million during the Period (six months ended 30 June 2021: approximately RMB0.05 million).

Finance Costs

Finance costs decreased from approximately RMB0.09 million for the six months ended 30 June 2021 to approximately RMB0.08 million for the Period. The Group's finance costs represented interest on discounted provision for rehabilitation and lease liabilities of office premises. The decrease of finance costs was due to lower outstanding lease amount towards the end of lease tenure.

Loss/Profit attributable to Owners of the Company

In view of the above factors, profit attributable to owners of the Company of approximately RMB2.40 million for the six months ended 30 June 2021 turned to loss of approximately RMB4 million for the Period. The change from profit to loss was mainly resulted from the decrease in gross profit and increase of administrative and other operating expenses during the Period.

BUSINESS REVIEW

Marble and Marble-related Business

During the Period, we are continuously focusing on the development of the Yiduoyan Project, which is an open pit mine in the Hubei Province of the PRC. A total of 1,350 m³ of marble blocks had been sold during the Period (six months ended 30 June 2021: 3,130 m³). The revenue derived from this business segment during the Period amounted to approximately RMB5.60 million (six months ended 30 June 2021: approximately RMB21.97 million).

Although the average selling price of marble block per cubic metre excavated from our mining site increased when compared with the price for the six months ended 30 June 2021, the continuation of COVID-19 pandemic and the debt crisis of some of the PRC property developers have affected the overall market condition and sentiment of the real estate and construction industry. Some of these PRC property developers, being customers of the Company's marble business, requested to delay the orders and reduce the volume of marble blocks ordered. Besides, due to the incremental increase in shipping prices globally, it was difficult to arrange shipment of marble blocks from overseas at a reasonable price. As a result, revenue of the Group for the Period has been negatively affected.

Trading of Commodities Business

Revenue of approximately RMB7.28 million was generated from the commodity trading business for the Period (six months ended 30 June 2021: nil). During the Period, a new subsidiary was established for the trading of coals commencing from June 2022.

THE YIDUOYAN PROJECT

The Yiduoyan Project is an open pit mine located in the Hubei Province of the PRC. The mining permit held by the Group in respect of the Yiduoyan Project with permitted production capacity of 20,000 m³ per annum, covering an area of approximately 0.5209 km², has expired on 31 December 2021. As at 30 June 2022, the renewal of mining permit was still in progress. Please refer to the sub-section headed “Business Outlook – Develop marble and marble-related business” in this announcement for further details of the renewal progress. 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.

On 29 January 2022, the Group has engaged Hubei Xiangdi Resources and Environment Co., Ltd.* (湖北襄地資源環境有限公司) to carry out new exploration work on the Yiduoyan Project for the renewal of the mining permit. During the Period, approximately RMB2.76 million mineral exploration and professional fee were incurred.

* *For identification purposes only*

Development

During the Period, 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. Besides, 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 Period, the Group recorded development expenditures of approximately RMB0.44 million with respect to the expansion of Yiduoyan marble mine. A detailed breakdown of the development expenditures is set out below:

	<i>RMB'000</i>
Education and training for production safety	3.6
Health check	3.9
Production safety signs	2.5
Production safety liability insurance	9.0
Processing fee for abandoned stones	197.6
Rental of production equipment and machinery	200
Soil and water conservation compensation	19.5
Water resource fee	3.0
	<hr/>
Total	<u><u>439.1</u></u>

Mining Operation

During the Period, the Group had realised sales of 1,350 m³ of marble blocks. Since the Group carried out new exploration work during the Period, no marble mine block was produced. As a result, the expenditure of mining activities per cubic metre was nil (six months ended 30 June 2021: RMB1,912 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 COVID-19 pandemic

With the spread of Omicron variant of COVID-19 in Asia in the first half of 2022, 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.

During the Period, the Group has been coordinating with different parties from time to time and took swift actions whenever necessary. The Group has actively discussed with the customers on the latest delivery schedules and arrangements due to the travel restrictions and movement controls imposed by the PRC government authorities. The Group has 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 COVID-19 pandemic on the Group.

The ongoing COVID-19 pandemic will continue to pose a challenge to the world in the foreseeable future. The Group will closely monitor the development of COVID-19 pandemic 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

The fluctuation in real estate and construction market may affect the marble business in the second half of the year. However, the Group remained cautiously optimistic about its future prospectus of 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 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. As announced by the Company on 31 December 2021, 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 stated in the Letter that the relevant government departments were accelerating the renewal process. During the renewal period of the mining permit, normal business activities of Xiangyang Future Bright Mining Limited* (襄陽高鵬礦業有限公司), an indirect wholly-owned subsidiary of the Company and the holder of the mining permit, can be continued in accordance with the law.

On 25 July 2022, the Bureau published a valuation report of the Yiduoyan Project for public inspection for ten days. During the publication period, there was no dissent received from the public on the valuation report. A meeting was originally scheduled by the government of Nanzhang County in August 2022 to consider and approve, among other matters, the renewal of the mining permit of the Group. However, due to the sporadic cases of COVID-19 in the Nanzhang County, the meeting was further delayed. We understand the Bureau will continue to evaluate the application, including the terms of the mining permit and payment schedule of the renewal fee, after the local lockdown. The renewal procedure is expected to be completed by 30 September 2022, subject to the development of the COVID-19 pandemic. The application status will be updated and announced by the Company as appropriate.

* *For identification purposes only*

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 continue to carefully identify and evaluate selective acquisition opportunities.

Develop the commodities trading business

We believe that continuing 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 contracts on hand, it is expected that the source of revenue of the Group will be diversified in the second half of the year. Other than the existing customers, we will look for other attractive opportunities in the commodities trading business.

SIGNIFICANT INVESTMENTS

The Group had no material securities investments during the Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed in this announcement, the Group does not have other plans for material investments and capital assets as at 30 June 2022.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

MAJOR ACQUISITIONS AND DISPOSALS DURING THE PERIOD

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 the mine and for its operations and such funds were funded by a combination of capital contribution by shareholders, short term loan as well as cash generated from operation.

As at 30 June 2022, the Group had cash and cash equivalents of approximately RMB30.05 million which were denominated in Hong Kong dollars and Renminbi (as at 31 December 2021: approximately RMB25.99 million).

The Group had no long term borrowings as at 30 June 2022, and therefore the gearing ratio (defined as long term debt divided by total shareholder's equity) was not applicable. The current ratio of the Group as at 30 June 2022 was about 3.55 times as compared to 5.19 times as at 31 December 2021, based on current assets of approximately RMB34.04 million (as at 31 December 2021: approximately RMB33.25 million) and current liabilities of approximately RMB9.58 million (as at 31 December 2021: approximately RMB6.41 million).

CHARGES OVER THE GROUP'S ASSETS

There were no charges over the Group's assets as at 30 June 2022.

CAPITAL STRUCTURE

There had been no material change in the capital structure of the Group since 31 December 2021.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group has a total of 42 full time employees (including Directors) who are 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 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 2022, the Group had used the net proceeds as follows:

	Original allocation of net proceeds			Utilisation up to 30 June 2022		Remaining balance of net proceeds as at 30 June 2022	
	RMB			RMB		RMB	
	HK\$	Equivalent	% of net	HK\$	Equivalent	HK\$	Equivalent
	(million)	(million)	proceeds	(million)	(million)	(million)	(million)
			(unaudited)	(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	<u>34</u>	<u>30</u>	<u>100.00%</u>	<u>11</u>	<u>9.88</u>	<u>23</u>	<u>20.12</u>

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 COVID-19 pandemic, the progress was 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 before 31 December 2023. 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.

* For identification purposes only

In view of the aforesaid development, up to 30 June 2022, the utilised net proceeds were approximately HK\$11 million and the remaining proceeds as at 30 June 2022 were approximately HK\$23 million.

The land for the construction of the processing plant (the “**Subject Land Parcel**”) is expected to be available in the first half of 2023. The remaining proceeds was placed in licensed bank and 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.

	Net Proceeds utilised for the Period	
	<i>HK\$ (unaudited)</i>	<i>RMB equivalent (unaudited)</i>
Building a processing plant to produce slabs	—	—

Placing of new shares on 16 December 2020

The net proceeds from the placing of new shares under general mandate on 16 December 2020, after deducting the commissions and other fees and expenses in relation to the placing, amounted to approximately HK\$14.2 million (equivalent to approximately RMB12.01 million).

Up to 30 June 2022, the Group had used the net proceeds as originally intended as follows:

	Original allocation of net proceeds			Utilisation up to 30 June 2022		Remaining balance of net Proceeds as at 30 June 2022	
	<i>HK\$ (million)</i>	<i>RMB Equivalent (million)</i>	<i>% of Net Proceeds</i>	<i>HK\$ (million) (unaudited)</i>	<i>RMB Equivalent (million) (unaudited)</i>	<i>HK\$ (million) (unaudited)</i>	<i>RMB Equivalent (million) (unaudited)</i>
General working capital of the Group	<u>14.2</u>	<u>12.01</u>	<u>100%</u>	<u>14.2</u>	<u>12.01</u>	<u>—</u>	<u>—</u>

The following table sets out the breakdown of the use of proceeds as general working capital of the Group during the Period:

	Net Proceeds utilised for the Period	
	<i>HK\$</i> <i>(unaudited)</i>	<i>RMB</i> <i>equivalent</i> <i>(unaudited)</i>
Administrative expenses	1,018,000	852,000
Professional fee	429,000	359,000
Rental costs	264,000	220,000
Staff costs	1,124,000	941,000
	<hr/>	<hr/>
Total	<u>2,835,000</u>	<u>2,372,000</u>

During the Period, the utilised net proceeds amounted to approximately HK\$2.84 million and the net proceeds were fully utilised as at 30 June 2022.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group did not have any capital commitments and contingent liabilities as at 30 June 2022.

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"). During the Period, the Group did not use financial instruments for hedging purposes. The Group will continue to monitor the related foreign currency exposure 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 maintain a high standard of corporate governance to safeguard the interests of its shareholders and 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 set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). During the Period, the Company had complied with the applicable code provisions of the CG Code. The Company will continue to enhance its corporate governance practices appropriate to the operation and growth of its business.

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 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 20 to the condensed consolidated financial information, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2022 and up to the date of this announcement.

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, Prof. Lau Chi Pang *J.P.*, Mr. Wang Xiaolong and Mr. Zhang Yijun. 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 2022 INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.futurebrightltd.com). The 2022 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, 29 August 2022

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