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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

Key Financial Highlights

	2022	2021	
	RMB'000	*RMB'000*	Change
RESULTS			
Revenue	**63,884**	24,667	158.99%
Gross profit	**8,575**	3,529	142.99%
Loss before tax	**(7,800)**	(3,882)	100.93%
Income tax (expense)/credit	**(1,131)**	1,193	-194.80%
Loss for the year	**(8,931)**	(2,689)	232.13%
Loss attributable to owners of the Company	**(8,867)**	(2,491)	255.96%
		(Restated)	
Basic and diluted loss per share	**RMB1.01 cents**	RMB0.28 cents	260.71%

	2022	2021	
	RMB'000	*RMB'000*	Change
KEY ITEMS IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Equity attributable to owners of the Company	**52,533**	59,590	-11.84%
Total assets	**74,086**	67,315	10.06%
		(Restated)	
Net assets per share	**RMB0.058**	RMB0.066	-12.12%

- Revenue increased by 158.99% to approximately RMB63.88 million.
- Gross profit increased from approximately RMB3.53 million to approximately RMB8.58 million.
- Gross profit margin decreased from approximately 14.31% to approximately 13.42%.
- Loss attributable to owners of the Company increased by 255.96% to approximately RMB8.87 million.
- Basic and diluted loss per share was RMB1.01 cents (2021: RMB0.28 cents (Restated)).
- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022 (the "**Year**"), together with the comparative figures for the financial year ended 31 December 2021 ("**FY2021**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
REVENUE	5	**63,884**	24,667
Cost of sales		**(55,309)**	(21,138)
Gross profit		**8,575**	3,529
Other income and gains	5	**491**	3,128
Selling and distribution expenses		**—**	(123)
Administrative expenses		**(14,803)**	(9,341)
Other operating expenses		**(7,779)**	(177)
Reversal of impairment losses/(impairment losses) on financial assets, net		**6,064**	(528)
Losses on changes in fair value of financial assets at fair value through profit or loss		**(33)**	(190)
Finance costs	6	**(315)**	(180)
LOSS BEFORE TAX	7	**(7,800)**	(3,882)
Income tax (expense)/credit	8	**(1,131)**	1,193
LOSS FOR THE YEAR		**(8,931)**	(2,689)
Attributable to:			
Owners of the Company		**(8,867)**	(2,491)
Non-controlling interests		**(64)**	(198)
		(8,931)	(2,689)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		(Restated)
Basic and diluted		**RMB1.01 cents**	RMB0.28 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022	2021
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(8,931)**	(2,689)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**1,937**	(834)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**1,937**	(834)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(6,994)**	(3,523)
Attributable to:		
Owners of the Company	**(6,928)**	(3,326)
Non-controlling interests	**(66)**	(197)
	(6,994)	(3,523)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**12,604**	12,857
Right-of-use assets		**5,889**	1,338
Long-term prepayments		**—**	—
Other intangible assets		**19,873**	19,873
Total non-current assets		**38,366**	34,068
CURRENT ASSETS			
Inventories	*11*	**535**	3,087
Trade receivables	*12*	**—**	—
Prepayments, deposits and other receivables	*13*	**3,860**	4,055
Financial assets at fair value through profit or loss	*14*	**102**	116
Cash and cash equivalents		**31,223**	25,989
Total current assets		**35,720**	33,247
CURRENT LIABILITIES			
Trade payables	*15*	**485**	1,056
Other payables and accruals	*16*	**5,533**	4,657
Short-term borrowings	*17*	**7,727**	—
Amount due to a director		**10**	—
Amount due to the ultimate controlling shareholder		**536**	—
Tax payable		**961**	—
Lease liabilities		**3,281**	692
Total current liabilities		**18,533**	6,405
NET CURRENT ASSETS		**17,187**	26,842
TOTAL ASSETS LESS CURRENT LIABILITIES		**55,553**	60,910

	Notes	**2022** *RMB'000*	2021 *RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**1,746**	130
Deferred tax liabilities		**1,729**	1,676
Provision for rehabilitation		**1,535**	1,438
Total non-current liabilities		**5,010**	3,244
Net assets		**50,543**	57,666
EQUITY			
Equity attributable to owners of the Company			
Share capital		**3,524**	3,524
Reserves		**49,009**	56,066
		52,533	59,590
Non-controlling interests		**(1,990)**	(1,924)
Total equity		**50,543**	57,666

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 Unit 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; trading of mineral commodities; and trading of coals.

2. BASIS OF PREPARATION

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 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 polices consistently throughout the financial periods ended 31 December 2021 and 2022. The 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 2022:

Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before intended use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	*Annual Improvements 2018-2020 Cycle*
Amendments to IFRS 16	*Leases: COVID-19-Related Rent Concessions beyond 30 June 2021*
Updates on AG 5 (Revised)	*Merger Accounting for Common Control Combinations*

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 2022:

Amendments to IAS 1	*Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred tax related to Assets and Liabilities arisen from a Single Transaction*[1]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
IFRS 17	*Insurance Contracts, related Amendments and Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[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 2023

[2] Effective for annual periods beginning on or after 1 January 2024

[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.

Year ended 31 December 2022	Marble block *RMB'000*	Commodity trading *RMB'000*	Total *RMB'000*
Segment revenue *(note 5)*			
Sales to external customers	**7,563**	**56,321**	**63,884**
Revenue			**63,884**
Segment results	**(1,051)**	**4,065**	**3,014**
Reconciliation:			
Interest income			**89**
Finance costs (other than interest on lease liabilities)			**(97)**
Corporate and other unallocated expenses			**(10,806)**
Loss before tax			**(7,800)**
Segment assets	**34,167**	**21,811**	**55,978**
Reconciliation:			
Elimination of intersegment receivables			**(18,586)**
Corporate and other unallocated assets			**36,694**
Total assets			**74,086**
Segment liabilities	**24,344**	**706**	**25,050**
Reconciliation:			
Elimination of intersegment payables			**(18,586)**
Corporate and other unallocated liabilities			**17,079**
Total liabilities			**23,543**

Year ended 31 December 2022	Marble block *RMB'000*	Commodity trading *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Other segment information:				
Bad debts written off	**5,524**	**—**	**—**	**5,524**
Depreciation	**337**	**25**	**1,907**	**2,269**
Capital expenditure*	**—**	**230**	**—**	**230**
Reversal of 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	**(5,524)**	**—**	**—**	**(5,524)**

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

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:				
Bad debts written off	—	12	—	12
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.

Geographical information

(a) *Revenue from external customers*

	2022	2021
	RMB'000	*RMB'000*
Mainland China	**63,884**	24,667

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

(b) *Non-current assets*

	2022	2021
	RMB'000	*RMB'000*
Hong Kong	**4,794**	1,079
Mainland China	**33,572**	32,989
	38,366	34,068

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:

	2022	2021
	RMB'000	*RMB'000*
Customer A	**—**	4,966
Customer B	**—**	3,102
Customer C	**10,670**	—

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of goods	**63,884**	24,667

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2022

Segments	**Marble block**	**Commodity trading**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Type of goods			
Sale of marble blocks	**7,563**	**—**	**7,563**
Sale of coals	**—**	**56,321**	**56,321**
	7,563	**56,321**	**63,884**
Geographical markets			
Mainland China	**7,563**	**56,321**	**63,884**
Timing of revenue recognition			
Goods transferred at a point in time	**7,563**	**56,321**	**63,884**

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

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 2022

Segments	**Marble block** *RMB'000*	**Commodity trading** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with customers			
External customers	**7,563**	**56,321**	**63,884**
Total revenue from contracts with customers	**7,563**	**56,321**	**63,884**

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

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.

Sale of coals

The performance obligation is satisfied upon delivery of the coals and payment is generally received in advance for all customers.

There were no transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022.

	2022	2021
	RMB'000	*RMB'000*
Other income		
Bank interest income	**89**	58
Government grants	**120**	—
Rental of production machinery	**—**	2,286
Others	**282**	121
	491	2,465
Gains		
Foreign exchange differences, net	**—**	663
	491	3,128

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2022	2021
	RMB'000	*RMB'000*
Interest on discounted provision for rehabilitation	**97**	91
Interest on lease liabilities	**218**	89
	315	180

7. LOSS BEFORE TAX

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

	2022	2021
	RMB'000	*RMB'000*
Cost of inventories sold	**55,309**	21,138
Staff costs (including directors' remuneration):		
Wages and salaries	**5,341**	3,448
Pension scheme contributions	**497**	194
	5,838	3,642
Auditor's remuneration		
– Audit services	**941**	880
Amortisation of other intangible assets*	**—**	614
Amortisation of long-term prepayments*	**—**	81
Bad debts written off *(note 12)*	**5,524**	12
Depreciation of items of property, plant and equipment*	**502**	1,067
Depreciation of right-of-use assets	**1,767**	955
Foreign exchange differences, net	**2,086**	(663)
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	**33**	168
– Losses on disposal of financial assets at fair value through profit or loss	**—**	22
	33	190
Reversal of impairment losses of trade receivables *(note 12)*	**(5,524)**	(12)
(Reversal of impairment losses)/impairment losses of other receivables *(note 13)*	**(540)**	540
Lease payments not included in the measurement of lease liabilities	**11**	48
Written off of property, plant and equipment	**4**	78

* 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 (2021: 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 2022, a Small Low-profit Enterprise with an annual taxable profit of less than RMB1 million, is subject to CIT calculated at 12.5% (2021: 25%) of its taxable profit at a tax rate of 20%; for annual taxable profit within RMB1 million to RMB3 million, is subject to CIT calculated at 25% (2021: 50%) of its taxable profit at a tax rate of 20%. During the year ended 31 December 2022, no subsidiary (2021: one subsidiary) is subject to the relevant preferential tax treatments.

	2022	2021
	RMB'000	*RMB'000*
Current — Mainland China		
Charge for the year	**1,079**	24
(Over-provision)/under-provision in prior years	**(1)**	2
Deferred		
Charge/(credit) for the year	**53**	(1,219)
Total tax expense/(credit) for the year	**1,131**	(1,193)

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

	2022	2021
	RMB'000	*RMB'000*
Loss before tax	**(7,800)**	(3,882)
Tax at the PRC tax rate of 25% (2021: 25%)	**(1,950)**	(970)
Tax effect of different taxation rates in other tax jurisdictions	**923**	563
Expenses not deductible for tax	**2,089**	1,251
Income not subject to tax	**—**	(1,729)
Tax reduction	**—**	(209)
Tax losses not recognised	**41**	121
Temporary differences recognised from previous year	**31**	(219)
Tax effect of temporary differences not recognised	**(2)**	(3)
(Over-provision)/under-provision of prior years income tax	**(1)**	2
Income tax expense/(credit) at the Group's effective rate	**1,131**	(1,193)

* *For identification purposes 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 2022 (2021: 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 877,716,000 (2021: 877,716,000 (Restated)) 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 (2021: Nil).

The calculation of basic loss per share is based on:

	2022	2021
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the Company used in the basic loss per share calculation	**(8,867)**	(2,491)

	Number of shares	
	2022	2021
		(Restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**877,716,000**	877,716,000

On 2 September 2022, every five issued and unissued ordinary shares were consolidated into one share of the Company. Comparative figures of the weighted average number of shares for calculating basic loss per share and diluted loss per share have been adjusted as if the share consolidation have been effective on 1 January 2021. Accordingly, the basic and diluted loss per share for the year ended 31 December 2021 have been restated.

11. INVENTORIES

	2022	2021
	RMB'000	*RMB'000*
Finished goods	**421**	3,087
Materials and supplies	**114**	—
	535	3,087

12. TRADE RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**—**	5,524
Impairment	**—**	(5,524)
	—	—

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 interest-free.

There was no balance of trade receivables, net of loss allowance, as at 31 December 2022 (2021: nil) and therefore no ageing analysis is presented thereon.

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

	2022	2021
	RMB'000	*RMB'000*
At beginning of year	**5,524**	5,536
Reversal of impairment losses	**(5,524)**	(12)
At end of year	**—**	5,524

For the year ended 31 December 2022, trade receivables of RMB5,524,000 (2021: 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 RMB5,524,000 (2021: RMB12,000) in the loss allowance.

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 2022

	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)	**—**	**—**	**—**	**—**	**—**
Expected credit losses (RMB'000)	**—**	**—**	**—**	**—**	**—**

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

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 *RMB'000*	2021 *RMB'000*
Prepayments	**609**	545
Deposits and other receivables	**3,251**	4,050
	3,860	4,595
Impairment	**—**	(540)
	3,860	4,055

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

	2022 *RMB'000*	2021 *RMB'000*
At beginning of year	**540**	—
(Reversal of impairment losses)/impairment losses	**(540)**	540
At end of year	**—**	540

Deposits and other receivables mainly represent rental deposits, receivable of refund from a supplier and other tax recoverables.

The Group paid deposits of RMB9,400,000 for acquisition of machinery during the year ended 31 December 2020. Due to the outbreak of COVID-19, the contract was terminated and the supplier agreed to refund the aforesaid deposits as per time schedule agreed. However, during the year ended 31 December 2021, the supplier was unable to settle the amount as per original time schedule, the management considered the risk of irrecoverable balance has significantly increased, a loss allowance of RMB540,000 was provided on the remaining balance of RMB3,400,000.

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, RMB1,000,000 was repaid in January 2022 and RMB600,000 will be repaid on every subsequent months until the remaining balance is fully settled.

During the year ended 31 December 2022, the balance was fully settled and the related loss allowance of RMB540,000 was reversed.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	RMB'000	*RMB'000*
Listed equity investments, at fair value	**92**	116
Other investments, at fair value	**10**	—
	102	116

The above equity investments and other 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:

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**—**	612
Over 3 months	**485**	444
	485	1,056

The trade payables are interest-free and normally settled within 60 days.

16. OTHER PAYABLES AND ACCRUALS

	Notes	2022 RMB'000	2021 RMB'000
Payroll accruals		**286**	298
Other payables	*(a)*	**369**	357
Accruals		**1,918**	1,042
Contract liabilities	*(b)*	**2,960**	2,960
		5,533	4,657

Notes:

(a) Other payables are unsecured, interest-free and repayable on demand.

(b) Details of contract liabilities are as follows:

	2022 RMB'000	2021 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.

17. SHORT-TERM BORROWINGS

	2022 RMB'000	2021 RMB'000
Short-term borrowings – unsecured	**7,727**	—

On 15 June 2022, Main Pacific Investment Limited ("**Main Pacific**") and an independent third party signed a borrowing agreement that the third party granted a borrowing facility of HKD10,000,000 to Main Pacific. The borrowings are unsecured, interest-free, repayable on 14 February 2023 and denominated in HKD.

During the year, the Group has drawn HKD8,650,000 (equivalent to RMB7,727,000).

On 15 February 2023, the two parties signed a supplementary borrowing agreement that the borrowing facility increased to HKD20,000,000 and the borrowings became interest bearing at 5% per annum since 15 February 2023 and repayable on 14 November 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the Year, the Group's operating revenue was approximately RMB63.88 million, representing an increase of approximately 158.99% as compared to the operating revenue of approximately RMB24.67 million for FY2021. Although the average selling price of marble block per cubic metre excavated from our mining site for the Year has increased by approximately 31.68% per cubic metre when compared with the price for FY2021, 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 Group'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 from the marble business for the Year has been negatively affected, which decreased to approximately RMB7.56 million (FY2021: approximately RMB24.67 million).

In order to diversify the existing business of the Group, a new subsidiary was established to start the trading of coals in June 2022. The raw coal of the Group's trading business was directly sourced from well-established coal producers in Inner Mongolia and sold to PRC customers whose businesses include trading or sales of commodities, import and export operations. The selling price of coal is sensitive to the market condition. During the Year, the trading volume was approximately 113,000 tons and revenue generated from this segment was approximately RMB56.32 million (FY2021: Nil).

The following table sets forth the breakdown of the Group's revenue by business segment for the Year and for FY2021:

	2022			2021		
	RMB'000	**Percentage to total revenue**	**Gross Profit margin**	*RMB'000*	Percentage to total revenue	Gross Profit margin
Marble block	**7,563**	**11.84%**	**50.11%**	24,667	100.00%	14.31%
Commodity trading	**56,321**	**88.16%**	**8.48%**	—	0.00%	0.00%
Total	**63,884**	**100.00%**	**13.42%**	24,667	100.00%	14.31%

Cost of Sales

The Group's cost of sales increased from approximately RMB21.14 million for FY2021 to approximately RMB55.31 million for the Year, representing an increase of approximately 161.64%. The cost of sales represented the marble blocks mining and purchasing costs. The marble blocks mining costs mainly comprised of 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 coals, marble and sandstone blocks from external suppliers.

Gross Profit and Gross Profit Margin

The gross profit of the Group increased to approximately RMB8.58 million for the Year (gross profit margin of approximately 13.42%) when compared with the gross profit for FY2021 of approximately RMB3.53 million (FY2021: gross profit margin of approximately 14.31%). The gross profit margin of the marble block segment increased to approximately 50.11% as compared to the gross profit margin of FY2021. The change was due to the increase of the average selling price 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 8.48%, which in turn resulted in an average gross profit margin of approximately 13.42% of the Group for the Year (FY2021: average gross profit margin of approximately 14.31%).

Other Income and Gains

Other income and gains for the Year were approximately RMB0.49 million, which represented a decrease of approximately RMB2.64 million as compared to the other income and gains of approximately RMB3.13 million for FY2021. The decrease was mainly attributable to the decrease of rental income of production machinery from approximately RMB2.29 million to Nil for the Year.

Selling and Distribution Expenses

During the Year, no selling and distribution expenses were incurred as all transportation costs were borne by customers (FY2021: approximately RMB0.12 million).

Administrative Expenses

Administrative expenses mainly included legal and professional fees, exploration expenses, printing and announcement fee, depreciation, annual listing fee, directors' remuneration, salaries and benefits of staff and other general office expenses. Administrative expenses of the Group increased by approximately RMB5.46 million or 58.46% from approximately RMB9.34 million for FY2021 to approximately RMB14.80 million for the Year. 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, staff salaries and deprecation for leasing of new office premises in Hong Kong.

Impairment on Financial Assets, Net

The management assesses the measurement of expected credit losses in relation to financial assets. An impairment losses of approximately RMB6.06 million was reversed for the Year (FY2021: impairment losses of approximately RMB0.53 million was provided). The reversal of impairment losses was mainly due to the written-off of long outstanding trade receivables of approximately RMB5.52 million. Besides, since the balance of deposit paid for acquisition of machinery was fully refunded by the supplier during the Year, impairment losses of approximately RMB0.54 million provided in prior year was also reversed.

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

As at 31 December 2022, the Group had current equity investments at fair value through profit or loss of approximately RMB0.10 million which were investments in various Hong Kong listed shares and other investments (as at 31 December 2021: approximately RMB0.12 million). The Group recorded net fair value loss of equity investments of approximately RMB0.03 million for the Year (FY2021: approximately RMB0.19 million).

Other Operating Expenses

Other operating expenses increased from approximately RMB0.18 million for FY2021 to approximately RMB7.78 million for the Year, primarily due to the bad debts written off of approximately RMB5.52 million for the Year (FY2021: approximately RMB0.01 million). These long outstanding balances were brought forward from previous years of the marble block segment and considered to be uncollectable. Other operating expenses also included net foreign exchange loss of approximately RMB2.09 million for the Year (FY2021: net exchange gain of approximately RMB0.66 million) and cash and in-kind donation of approximately RMB0.13 million during the Year (FY2021: approximately RMB0.05 million).

The Directors performed impairment assessment on the non-financial assets of the marble block segment as at 31 December 2022 with reference to a valuation report issued by an independent qualified valuer. No impairment of non-financial assets was provided during the Year (FY2021: Nil). Details of impairment test and related assumptions used for valuation are discussed in the paragraph headed "Impairment Assessment" below.

Finance Costs

Finance costs increased from approximately RMB0.18 million for FY2021 to approximately RMB0.32 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 long-term lease contracts for both office premises in Hong Kong and the PRC, which in turn increased 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 increased by 255.96% to approximately RMB8.87 million for the Year (FY2021: approximately RMB2.49 million). The change was mainly resulted from the increase of administrative expenses and other operating expenses during the Year.

Impairment Assessment

With respect to the impairment assessment for non-financial assets of the marble block 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 2022, 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 May 2023 for 10 years till 2033;

- the average gross margin (% of revenue) of 51.96% 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 of Hong Kong Limited (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 (FY2021: 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 1,851 m^3 of marble blocks had been sold in 2022 (FY2021: 4,257 m^3). The revenue generated from this business segment during the Year amounted to approximately RMB7.56 million (FY2021: approximately RMB24.67 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 FY2021, 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 Group'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 from the marble business for the Year has been negatively affected.

Trading of Commodities Business

During the Year, a new subsidiary was established to start the trading of coals in June 2022. The raw coal of the Group's trading business was directly sourced from well-established coal producers in Inner Mongolia and sold to PRC customers whose businesses include trading or sales of commodities, import and export operations. The selling price of coal is sensitive to the market condition. During the Year, the trading volume was approximately 113,000 tons and revenue generated from this segment was approximately RMB56.32 million (FY2021: Nil).

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 sub-section headed "Business Outlook – Develop marble and marble-related business" in this announcement.

MAJOR EXPLORATION, DEVELOPMENT AND PRODUCTION ACTIVITIES

Mineral Exploration

In order to renew the mining permit, we are required to carry out new exploration work on Yiduoyan Project during the Year. As a result, the Group has engaged Hubei Xiangdi Resources and Environment Co., Ltd.* (湖北襄地資源環境有限公司) to undertake the marble mine resources verification work and an updated amount of resources in the mining area had been submitted to relevant PRC government authority for review. According to the letter issued by the Natural Resources and Planning Bureau of Xiangyang* (襄陽市自然資源和規劃局) in June 2022, the amount of resources in the mining area are listed as below:

	Resource Statement as at end of March 2022		
Minerals Type	**Category (Chinese Standard)**	**Volume (million cubic metres)**	**Note**
Limestone for decoration use	332	10.262	Non-JORC Code
	333	6.425	Non-JORC Code
Limestone for construction use	332	7.603	Non-JORC Code
	333	6.602	Non-JORC Code
Total	332	17.865	Non-JORC Code
	333	13.027	Non-JORC Code

The Group will engage an independent professional party to prepare a resource reserve verification report in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the **"JORC Code"**). The marble resource statement will be updated once the mining permit is renewed by the Group and the marble resource reserve verification report in JORC standard is available.

* *For identification purposes only*

Development

During the Year, 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 examinations 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 staff 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 RMB1.29 million with respect to the expansion of Yiduoyan marble mine. A detailed breakdown of the development expenditures is set out below:

	2022
	RMB'000
Education and training for production safety	**3.6**
Forest lease payment	**550**
Greening costs for the mine	**79.8**
Health check	**3.9**
Labour protection supplies	**5.6**
Processing fee for abandoned stones	**197.6**
Production safety liability insurance	**34.6**
Production safety signs	**2.5**
Rental of production equipment and machinery	**390**
Repairs and maintenance of production equipment and machinery	**3.0**
Soil and water conservation compensation	**19.5**
Water resource fee	**3.0**
Total	**1,293.1**

Mining Operation

As at 31 December 2022, we had realised sales of 1,851 m^3 of marble blocks. Since the Group was required to carry out new exploration work for the purpose of renewing the mining permit during the Year, no excavation work was conducted during the year and hence no marble mine block was produced. As a result, the expenditure of mining activities per cubic metre was Nil (FY2021: approximately RMB2,169 per m^3).

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 still in process. Please refer to the sub-section headed "Business Outlook – Develop marble and marble-relation business" in this announcement for further details of the renewal progress. 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 2022

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 2022

Reserve Category	White marble V-1 (million m³)	Grey marble V-2 (million m³)	Total (million m³)
Probable	0.8	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 2022.

(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. 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 Group will continue 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 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
Delay in the renewal of the mining permit	
Due to the continuous effect of the COVID-19 pandemic during the Year, the renewal progress of the mining permit was delayed. The Company is not able to complete the renewal procedures up to the date of this announcement.	The Directors have been actively discussing and negotiating with the PRC government, hoping to complete the renewal procedures by the second quarter of 2023.
Debt crisis in real estate and construction industry of the PRC	
The debt crisis encountered by some of the PRC property developers have affected the overall market conditions and the sentiment of the real estate and construction industry. Some of these PRC property developers (who are customers of the Group's marble business) requested to delay the orders and reduce the volume of marble block ordered. There may even be delays in payment and lead to a higher risk of default.	The Group will (1) diversify the risk by focusing on coal trading business to offset the temporary impact of the marble block segment; and (2) minimise the risk of bad debts by receiving the full payment from customers in advance before the delivery of the goods.

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 our commodity trading business.

BUSINESS OUTLOOK

Develop marble and marble-related business

The fluctuation in real estate and construction market may continue to affect the marble business in the first half of the 2023. However, the Group remained cautiously optimistic about the future prospects of its marble business. The Group is actively exploring new customers by different ways including through the network of our senior management, as well as through our sales teams in Beijing and Xiamen. We expect the current decline in the marble business to be temporary and that 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 metres 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) ("**XYFB**"), an indirect wholly-owned subsidiary of the Company and the holder of the mining permit, can be continued in accordance with the law of the PRC.

* *For identification purposes only*

On 29 January 2022, the Group has engaged Hubei Xiangdi Resources and Environment Co., Ltd. to undertake the marble mine resources verification work and an updated amount of resources in the mining area had been submitted to relevant PRC government authority for review. On 25 July 2022, the Bureau published a PRC assessment 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 PRC assessment report. According to the PRC assessment report, the additional resources fee is approximately RMB98.7 million. 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 in the second half of 2022, the meeting was further delayed. After the local lockdown, a meeting was held by the PRC government on 2 September 2022. The Nanzhang County Natural Resources Management Committee* (南漳縣自然資源管理委員會) agreed in principle for the renewal of the mining permit during the meeting and further administrative procedures were required to complete the renewal process. Unfortunately, due to the spread of the new wave of COVID-19 pandemic in the fourth quarter of the Year, the renewal procedure was once again affected. Up to the date of this announcement, the renewal of the mining permit was still in process. Based on our ongoing discussion with the relevant authority, the renewal procedure is expected to be completed by 31 May 2023. The renewal status will be updated and announced by the Company as appropriate.

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 contracts on hand, it is expected that the source of revenue of the Group will be diversified in the coming years.

Other than trading of coals, we will continue to look for other attractive business opportunities whenever the same arises.

* *For identification purposes only*

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, short-term borrowings from independent third party as well as cash generated from operation.

As at 31 December 2022, the Group had cash and cash equivalents of approximately RMB31.22 million which were denominated in Hong Kong dollars and Renminbi (as at 31 December 2021: approximately RMB25.99 million).

The Group had short-term borrowings as at 31 December 2022. 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 2022 was approximately 1.93 times as compared to 5.19 times as at 31 December 2021, based on current assets of approximately RMB35.72 million (as at 31 December 2021: approximately RMB33.25 million) and current liabilities of approximately RMB18.53 million (as at 31 December 2021: approximately RMB6.41 million).

CAPITAL STRUCTURE

On 31 August 2022, the Company held an extraordinary general meeting and an ordinary resolution was passed, approving the consolidation of every five issued and unissued ordinary shares of par value of HK$0.001 each in the share capital of the Company into one consolidated share of par value of HK$0.005 each in the share capital of the Company. The share consolidation became effective on 2 September 2022. For details of the share consolidation, please refer to the announcements of the Company dated 29 July 2022 and 1 September 2022 and the circular of the Company dated 12 August 2022.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Group employed a total of 39 full time employees (as at 31 December 2021: 22 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 2 January 2021, a loan agreement was signed between East Pacific Investment Limited ("**East Pacific**"), a non wholly-owned subsidiary of the Company, and an independent third party, pursuant to which a HKD25,000,000 loan facility was provided to East Pacific (the "**Loan Facility**"). The Loan Facility is interest-free and fully secured by the shares of East Pacific. The purpose of the Loan Facility is limited to the management and operation of East Pacific. Up to the date of this announcement, East Pacific has not yet drawn any loan from the Loan Facility.

Save and except those disclosed above, the Group did not have any capital commitments and contingent liabilities as at 31 December 2022.

CHARGES OVER THE GROUP'S ASSETS

There were no charges over the Group's assets as at 31 December 2022.

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 2022.

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.

OTHER MATTERS

During the course of the audit for the Year, it has come to the Company's attention that the Beijing branch of Shengjing Bank Co., Ltd.* (盛京銀行股份有限公司北京分行) (the "**Bank**") has, on 20 May 2022, applied and obtained an order from the Security Bureau in Faku County, Shenyang, the PRC (瀋陽市法庫縣公安局) to freeze the registered capital in the amount of RMB10 million (the "**Subject Registered Capital**") of XYFB (representing approximately 50% of the registered capital of XYFB) held by Future Bright (H.K.) Investment Limited ("**FBHK**") (the "**Order**"). Both XYFB and FBHK are wholly-owned subsidiaries of the Company. Under the Order, no transfer of the Subject Registered Capital is allowed.

Based on subsequent enquiries made by the Company, the Order was made in relation to a loan dispute (the "**Loan Dispute**") involving Mr. Li Yuguo ("**Mr. Li**"), an executive Director and a controlling shareholder of the Company, and the Bank.

As advised by the PRC legal advisers to the Company, there is currently nothing to indicate that XYFB or FBHK (i) is involved in or otherwise connected with the Loan Dispute; and (ii) has provided any form of guarantee, security or assets pledge to the Bank in relation to the Loan Dispute. Based on the information currently available, the PRC legal advisers are of the view that the Order does not have any direct impact on the normal business operations of the Group.

The Company has been closely following up with Mr. Li on the above with a view of discharging the Order and will seek appropriate legal advice where necessary. The Directors confirm that, to the best of their knowledge and information having made all reasonable enquiries, the Group has not provided any form of guarantee, security or assets pledge to the Bank in relation to the Loan Dispute. As at the date of this announcement, the Directors are of the view that the Order did not have any material impact on the Group's operations. The Company will closely monitor any development and announce any updates once available.

* *For identification purposes only*

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, Prof. Lau Chi Pang *J.P.*, Mr. Wong Xiaolong and Mr. Zhang Yijun. 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 C.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

On 23 February 2023, a coal mine collapsed in Inner Mongolia and has triggered nationwide coal mine safety inspections. According to the announcement from the Ordos City Resources Bureau* (鄂爾多斯市能源局) on 23 February 2023, the mine inspection in Ordos City area is scheduled to be completed on 31 March 2023. In the meantime, the coal mining activities of our major supplier of the commodity trading segment have been temporarily suspended and the supply of coals has been affected. Up to the date of this announcement, the coal mining activities of this major supplier has not yet resumed.

The Directors expected the coal mining activities of this major supplier will be resumed in or around April 2023. The Group will pay close attention to this issue and evaluate the impact on the result of operations, financial position, and cash flows of the Group.

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2022 and up to the date of this announcement.

DIVIDEND

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

* *For identification purposes only*

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 ("**2023 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 2023 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 2022 ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.futurebrightltd.com). The 2022 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, 31 March 2023

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.