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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 2023

Key Financial Highlights

	2023	2022	
	RMB'000	*RMB'000*	Change
RESULTS			
Revenue	**77,739**	63,884	21.69%
Gross profit	**1,454**	8,575	-83.04%
Loss before tax	**(21,031)**	(7,800)	169.63%
Income tax credit/(expense)	**1,179**	(1,131)	-204.24%
Loss for the year	**(19,852)**	(8,931)	122.28%
Loss attributable to owners of the Company	**(19,604)**	(8,867)	121.09%
Basic and diluted loss per share	**RMB2.23 cents**	RMB1.01 cents	120.79%

	2023	2022	
	RMB'000	*RMB'000*	Change
KEY ITEMS IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Equity attributable to owners of the Company	**33,193**	52,533	-36.81%
Total assets	**137,849**	74,086	86.07%
Net assets per share	**RMB0.038**	RMB0.058	-34.48%

- Revenue increased by 21.69% to approximately RMB77.74 million.
- Gross profit decreased from approximately RMB8.58 million to approximately RMB1.45 million.
- Gross profit margin decreased from approximately 13.42% to approximately 1.87%.
- Loss attributable to owners of the Company increased by 121.09% to approximately RMB19.60 million.
- Basic and diluted loss per share was RMB2.23 cents (2022: RMB1.01 cents).
- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 (the "**Year**"), together with the comparative figures for the financial year ended 31 December 2022 ("**FY2022**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	5	**77,739**	63,884
Cost of sales		**(76,285)**	(55,309)
Gross profit		**1,454**	8,575
Other income	5	**191**	491
Administrative expenses		**(15,642)**	(14,803)
Other operating expenses		**(2,729)**	(7,779)
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		**(69)**	(33)
Finance costs	6	**(4,236)**	(315)
LOSS BEFORE TAX	7	**(21,031)**	(7,800)
Income tax credit/(expense)	8	**1,179**	(1,131)
LOSS FOR THE YEAR		**(19,852)**	(8,931)
Attributable to:			
Owners of the Company		**(19,604)**	(8,867)
Non-controlling interests		**(248)**	(64)
		(19,852)	(8,931)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
Basic and diluted		**RMB2.23 cents**	RMB1.01 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(19,852)**	(8,931)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**142**	1,937
Realisation of translation reserve upon deregistration of a subsidiary	**125**	—
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**267**	1,937
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(19,585)**	(6,994)
Attributable to:		
Owners of the Company	**(19,336)**	(6,928)
Non-controlling interests	**(249)**	(66)
	(19,585)	(6,994)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**16,018**	12,604
Right-of-use assets		**2,879**	5,889
Other intangible assets		**100,255**	19,873
Total non-current assets		**119,152**	38,366
CURRENT ASSETS			
Inventories	*11*	**531**	535
Trade receivables	*12*	**—**	—
Prepayments, deposits and other receivables	*13*	**5,041**	3,860
Financial assets at fair value through profit or loss	*14*	**33**	102
Cash and cash equivalents		**13,092**	31,223
Total current assets		**18,697**	35,720
CURRENT LIABILITIES			
Trade payables	*15*	**492**	485
Other payables and accruals	*16*	**9,855**	5,533
Short-term borrowings	*17*	**—**	7,727
Amount due to a director		**10**	10
Amount due to the ultimate controlling shareholder		**544**	536
Tax payable		**21**	961
Lease liabilities		**1,860**	3,281
Total current liabilities		**12,782**	18,533
NET CURRENT ASSETS		**5,915**	17,187
TOTAL ASSETS LESS CURRENT LIABILITIES		**125,067**	55,553

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities		**—**	1,746
Long-term borrowings	*17*	**58,124**	—
Amount due to ultimate controlling shareholder		**7,385**	—
Other payables and accruals	*16*	**2,596**	—
Deferred tax liabilities		**529**	1,729
Mining right payable	*18*	**21,636**	—
Provision for rehabilitation		**1,635**	1,535
Total non-current liabilities		**91,905**	5,010
Net assets		**33,162**	50,543
EQUITY			
Equity attributable to owners of the Company			
Share capital		**3,524**	3,524
Reserves		**29,669**	49,009
		33,193	52,533
Non-controlling interests		**(31)**	(1,990)
Total equity		**33,162**	50,543

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 8101, Level 81, International Commerce Centre, 1 Austin Road West, Kowloon, 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 2022 and 2023. 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 2023:

Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred tax related to Assets and Liabilities arisen from a Single Transaction*
IFRS 17	*Insurance Contracts, related Amendments and Initial Application of IFRS 17 and IFRS 9 – Comparative Information*

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 2023:

Amendments to IAS 1	*Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*[1]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024

2 Effective for annual periods beginning on or after 1 January 2025

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 2023	Marble block RMB'000	Commodity trading RMB'000	Total RMB'000
Segment revenue *(note 5)*			
Sales to external customers	—	77,739	77,739
Revenue			77,739
Segment results	(2,159)	577	(1,582)
Reconciliation:			
Interest income			77
Finance costs (other than interest on lease liabilities)			(3,944)
Corporate and other unallocated expenses			(15,582)
Loss before tax			(21,031)
Segment assets	114,342	22,820	137,162
Reconciliation:			
Elimination of intersegment receivables			(17,986)
Corporate and other unallocated assets			18,673
Total assets			137,849
Segment liabilities	87,641	4,417	92,058
Reconciliation:			
Elimination of intersegment payables			(17,986)
Corporate and other unallocated liabilities			30,615
Total liabilities			104,687

Year ended 31 December 2023	Marble block RMB'000	Commodity trading RMB'000	Unallocated RMB'000	Total RMB'000
Other segment information:				
Depreciation	155	57	3,786	3,998
Capital expenditure*	80,382	—	3,983	84,365

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

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.

Geographical information

(a) Revenue from external customers

	2023	2022
	RMB'000	*RMB'000*
Mainland China	**77,739**	63,884

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

(b) Non-current assets

	2023	2022
	RMB'000	*RMB'000*
Hong Kong	**5,410**	4,794
Mainland China	**113,742**	33,572
	119,152	38,366

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:

	2023	2022
	RMB'000	*RMB'000*
Customer A	**—**	10,670
Customer B	**42,878**	—
Customer C	**12,786**	—
Customer D	**11,526**	5,350

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of goods	**77,739**	63,884

Revenue from contracts with customers

(i) *Disaggregated revenue information*

For the year ended 31 December 2023

Segments	**Marble block**	**Commodity trading**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Type of goods			
Sale of coals	**—**	**77,739**	**77,739**
Geographical markets			
Mainland China	**—**	**77,739**	**77,739**
Timing of revenue recognition			
Goods transferred at a point in time	**—**	**77,739**	**77,739**

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

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 2023

Segments	**Marble block** *RMB'000*	**Commodity trading** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with customers			
External customers	**—**	**77,739**	**77,739**
Total revenue from contracts with customers	**—**	**77,739**	**77,739**

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

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 2023.

	2023	2022
	RMB'000	*RMB'000*
Other income		
Bank interest income	**77**	89
Government grants	**—**	120
Others	**114**	282
	191	491

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	RMB'000	*RMB'000*
Interest on discounted provision for rehabilitation	**100**	97
Interest on lease liabilities	**292**	218
Interest on borrowings	**2,590**	—
Interest on mining right payable	**1,254**	—
	4,236	315

7. LOSS BEFORE TAX

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

	2023	2022
	RMB'000	*RMB'000*
Cost of inventories sold	**76,285**	55,309
Staff costs (including directors' remuneration):		
Wages and salaries	**5,250**	5,341
Pension scheme contributions	**434**	497
	5,684	5,838
Auditor's remuneration		
– Audit services	**961**	941
– Non-audit services	**363**	—
Bad debts written off *(note 12)*	**—**	5,524
Depreciation of property, plant and equipment*	**600**	502
Depreciation of right-of-use assets	**3,398**	1,767
Foreign exchange differences, net	**363**	2,086
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	**69**	33
Gain on disposal of property, plant and equipment	**(36)**	—
Loss on deregistration of a subsidiary	**2,335**	—
Reversal of impairment losses of trade receivables *(note 12)*	**—**	(5,524)
Reversal of impairment losses of other receivables *(note 13)*	**—**	(540)
Lease payments not included in the measurement of lease liabilities	**17**	11
Written off of property, plant and equipment	**2**	4

* Part of the depreciation of property, plant and equipment provided in previous years 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 (2022: 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. The Group's subsidiaries located in Mainland China were subject to the PRC CIT at the rate of 25% (2022: 25%) during the year ended 31 December 2023.

	2023	2022
	RMB'000	*RMB'000*
Current — Mainland China		
Charge for the year	**21**	1,079
Over-provision in prior years	**—**	(1)
Deferred		
(Credit)/charge for the year	**(1,200)**	53
Total tax (credit)/expense for the year	**(1,179)**	1,131

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

	2023	2022
	RMB'000	*RMB'000*
Loss before tax	**(21,031)**	(7,800)
Tax at the PRC tax rate of 25% (2022: 25%)	**(5,258)**	(1,950)
Tax effect of different taxation rates in other tax jurisdictions	**1,223**	923
Expenses not deductible for tax	**2,875**	2,089
Tax reduction	**(152)**	—
Tax losses not recognised	**143**	41
Temporary differences recognised from previous year	**(9)**	31
Tax effect of temporary differences not recognised	**(1)**	(2)
Over-provision of prior years income tax	**—**	(1)
Income tax (credit)/expense at the Group's effective rate	**(1,179)**	1,131

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 2023 (2022: 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 (2022: 877,716,000) 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 (2022: Nil).

The calculation of basic loss per share is based on:

	2023	2022
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the Company used in the basic loss per share calculation	**(19,604)**	(8,867)

	Number of shares	
	2023	2022
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.

11. INVENTORIES

	2023	2022
	RMB'000	*RMB'000*
Finished goods	**421**	421
Materials and supplies	**110**	114
	531	535

12. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**—**	—
Impairment	**—**	—
	—	—

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.

There was no trade receivables as at 31 December 2023 (2022: Nil) and therefore no ageing analysis is presented thereon.

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

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**—**	5,524
Reversal of impairment losses	**—**	(5,524)
At end of year	**—**	—

For the year ended 31 December 2022, trade receivables of RMB5,524,000 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 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.

There was no trade receivables as at 31 December 2023 (2022: Nil) and therefore no provision matrix is presented thereon.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Prepayments	**578**	609
Deposits and other receivables	**4,463**	3,251
	5,041	3,860
Impairment	**—**	—
	5,041	3,860

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

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**—**	540
Reversal of impairment losses	**—**	(540)
At end of year	**—**	—

Deposits and other receivables mainly represent rental deposits, deposit paid to a supplier and other tax recoverables.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	RMB'000	*RMB'000*
Listed equity investments, at fair value	**23**	92
Other investments, at fair value	**10**	10
	33	102

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:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**—**	—
Over 3 months	**492**	485
	492	485

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

16. OTHER PAYABLES AND ACCRUALS

		2023	2022
	Notes	***RMB'000***	*RMB'000*
Non-current			
Loan interest payables	*(a)*	**2,596**	—
Current			
Payroll accruals		**441**	286
Other payables	*(b)*	**487**	369
Accruals		**2,265**	1,918
Contract liabilities	*(c)*	**6,662**	2,960
		9,855	5,533
Total other payables and accruals		**12,451**	5,533

Notes:

(a) Loan interest payables are unsecured and interest-free. The balances of HKD779,000 (equivalent to RMB706,000) and RMB1,890,000 are repayable on 14 February 2025 and 9 July 2026, respectively.

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

(c) Details of contract liabilities are as follows:

	2023	2022
	RMB'000	*RMB'000*
Advances received from customers		
Sale of marble blocks	**2,960**	2,960
Sale of coals	**3,702**	—
Total contract liabilities	**6,662**	2,960

Contract liabilities include advance payment from customers.

17. BORROWINGS

	2023	2022
	RMB'000	*RMB'000*
Short-term borrowings – unsecured	**—**	7,727
Long-term borrowings – unsecured	**58,124**	—
	58,124	7,727

On 15 June 2022, Main Pacific Investment Limited ("**Main Pacific**"), an indirect wholly-owned subsidiary of the Company, 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.

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

On 31 August 2023, the two parties signed another supplementary borrowing agreement to extend the borrowing term, the borrowings and interests accrued became repayable on 14 February 2025.

As at 31 December 2023, the Group has drawn HKD20,000,000 (equivalent to RMB18,124,000) (2022: HKD8,650,000 (equivalent to RMB7,727,000)) from the facility.

During the year, Xiangyang Future Bright Mining Limited* (襄陽高鵬礦業有限公司) ("**XYFB**"), an indirect wholly-owned subsidiary of the Company, signed three additional borrowing agreements with independent third parties to borrow RMB10,000,000, RMB10,500,000 and RMB19,500,000, respectively. The borrowings are all unsecured, interest bearing at 10% per annum, repayable on 9 July 2026 and denominated in RMB.

* *For identification purposes only*

18. MINING RIGHT PAYABLE

During the year, for purpose of and in connection with the renewal of the mining permit of the Yiduoyan Project, XYFB entered into a transfer agreement with The Natural Resources and Planning Bureau of Nanzhang County* (南漳縣自然資源和規劃局) (the "**Bureau**"), pursuant to which the mining right of the Yiduoyan Project was transferred to XYFB subject to the payment of additional resources fee of RMB98,731,400. The fee shall be settled in cash and paid by XYFB to the Bureau in four instalments:

(i) the first instalment in the amount of RMB60,000,000 shall be paid prior to the issue of the renewed mining permit;

(ii) the second instalment in the amount of RMB8,731,400 shall be paid before 1 October 2027;

(iii) the third instalment in the amount of RMB15,000,000 shall be paid before 1 October 2028; and

(iv) the last instalment in the amount of RMB15,000,000 shall be paid before 1 October 2029.

The first instalment was paid in July 2023. The remaining instalments due are unsecured and interest free. The carrying amount is determined based on the present value of the future cash flows stated on the transfer agreement discounted using the interest rate of 12% per annum with reference to the valuation report issued by AP Appraisal Limited.

* *For identification purposes only*

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the Year, the operating revenue of the Group was approximately RMB77.74 million, representing an increase of approximately 21.69% as compared to the operating revenue of approximately RMB63.88 million for FY2022. During the Year, the Group was undergoing mining licence renewal procedures and was preparing for expansion works of the Yiduoyan Project. Therefore, no excavation work was conducted by the Group and no marble block was produced and sold. As a result, no revenue was derived from the marble block segment for the Year (FY2022: approximately RMB7.56 million).

The trading of coal business commenced in June 2022. Raw coal of the Group's trading business was directly sourced from well-established coal producers in Inner Mongolia and sold to PRC customers. As there was a serious coal mining accident in Inner Mongolia in February 2023, operators of the coal mines, being the suppliers of our coal trading business, were required to undertake a safety inspection of their coal mines, during which coal mining activities had to be temporarily suspended and the Group's coal trading business for the first three quarters of the Year was adversely affected. During the Year, revenue generated from this segment was approximately RMB77.74 million (FY2022: approximately RMB56.32 million).

The following table sets forth the breakdown of the Group's revenue by business segment for the Year and for FY2022:

	2023			2022		
	RMB'000	**Percentage to total revenue**	**Gross Profit margin**	*RMB'000*	Percentage to total revenue	Gross Profit margin
Marble block	**—**	**—**	**0.00%**	7,563	11.84%	50.11%
Commodity trading	**77,739**	**100.00%**	**1.87%**	56,321	88.16%	8.48%
Total	**77,739**	**100.00%**	**1.87%**	63,884	100.00%	13.42%

Cost of Sales

The Group's cost of sales increased from approximately RMB55.31 million for FY2022 to approximately RMB76.29 million for the Year, representing an increase of approximately 37.93%, and such cost was solely attributable to the coal trading business under the commodity trading segment. The cost of sales for FY2022 included both marble blocks mining and purchasing costs. The marble blocks mining costs mainly comprised of sub-contractor fee, 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, from external suppliers in the commodity trading segment.

Since there was no mining operation during the Year, the cost of the marble block segment was nil (FY2022: approximately RMB3.77 million). To minimise the impact of the coal mining incident on the Group's coal trading business, the Group sourced coals from alternative suppliers in other regions at higher costs and approximately RMB76.29 million of purchasing costs was recorded during the Year (FY2022: approximately RMB51.54 million).

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased to approximately RMB1.45 million for the Year (Gross profit margin of approximately 1.87%) when compared with the gross profit for FY2022 of approximately RMB8.58 million (FY2022: gross profit margin of approximately 13.42%). Since no revenue was generated from the marble block segment and no mining activities was conducted during the Year, the gross profit margin of this segment was nil (FY2022: gross profit margin of approximately 50.11%). The gross profit margin of the commodity trading segment decreased to approximately 1.87% for the Year (FY2022: gross profit margin of approximately 8.48%) as higher purchasing costs were incurred during the Year.

Other Income

Other income for the Year were approximately RMB0.19 million, which represented a decrease of approximately RMB0.30 million as compared to the other income of approximately RMB0.49 million for FY2022. The decrease was mainly attributable to the decrease of government grants and sundry income for the Year.

Administrative Expenses

Administrative expenses mainly included legal and professional fees, 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 RMB0.84 million or 5.68% from approximately RMB14.80 million for FY2022 to approximately RMB15.64 million for the Year.

Impairment on Financial Assets, Net

The management assesses the measurement of expected credit losses in relation to financial assets and no impairment loss was provided for the Year (FY2022: impairment losses of approximately RMB6.06 million was reversed). The reversal of impairment losses for FY2022 was mainly due to the written-off of long outstanding trade receivables of approximately RMB5.52 million. Besides, since the balance of deposits paid for acquisition of machinery was fully refunded by the supplier, impairment losses of approximately RMB0.54 million provided in previous years was also reversed in FY2022.

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

As at 31 December 2023, the Group had current equity investments at fair value through profit or loss of approximately RMB0.03 million which were investments in various Hong Kong listed shares and other investments (as at 31 December 2022: approximately RMB0.10 million). The Group recorded net fair value loss of equity investments of approximately RMB0.07 million for the Year (FY2022: approximately RMB0.03 million).

Other Operating Expenses

Other operating expenses decreased from approximately RMB7.78 million for FY2022 to approximately RMB2.73 million for the Year as no bad debt was written off (FY2022: approximately RMB5.52 million). During the Year, the Group has also recorded loss of approximately RMB2.34 million arising from the deregistration of a subsidiary in the PRC (FY2022: Nil). Other operating expenses also included net foreign exchange loss of approximately RMB0.36 million for the Year (FY2022: approximately RMB2.09 million) and in-kind donation of approximately RMB0.02 million during the Year (FY2022: approximately RMB0.13 million).

The Directors performed impairment assessment on the non-financial assets of the marble block segment as at 31 December 2023 with reference to a valuation report issued by an independent qualified valuer. No impairment of non-financial assets was provided during the Year (FY2022: 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 RMB0.32 million for FY2022 to approximately RMB4.24 million for the Year. The Group's finance costs represented interest on discounted provision for rehabilitation, interest on lease liabilities of office premises, interest on borrowings and interest on mining right payable. The increase was mainly attributable to interest of mining right payable and the interest on borrowings incurred in relation to loan agreements entered between the Group and independent third parties during the Year.

Loss Attributable to Owners of the Company

In view of the above factors, loss attributable to owners of the Company increased by 121.09% to approximately RMB19.60 million for the Year (FY2022: approximately RMB8.87 million). The change was mainly resulted from the significant decrease in gross profit, the increase in finance costs and loss arising from the deregistration of a subsidiary in the PRC 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 2023, based on the value-in-use ("**VIU**") calculations. The valuation uses cash flow projections based on financial estimates covering a 47-year (FY2022: 10-year) period and a discount rate of 12% (FY2022: 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;
- the average gross margin (% of revenue) of 46.91% is based on past practices and expectations of future changes in the market;
- the discount rates using pre-tax rates of 12% that reflect current market assessments of the time value of money and the risk specific to the CGU;
- the growth rates of sales volume and unit price are by reference to past experience and industry growth forecasts; and
- the prolonged projection period was because of the addition of ore resources in this Year.

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 (FY2022: 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. During the Year, the Group is undergoing mine licence renewal procedures and was preparing for expansion works of the Yiduoyan Project. Therefore, no excavation work was conducted by the Group and no marble block was produced and sold (FY2022: 1,851 m^3 marble blocks were sold). As a result, no revenue was derived from this business segment for the Year (FY2022: approximately RMB7.56 million).

Trading of Commodities Business

The trading of coal business commenced in June 2022. Raw coal of the Group's trading business was directly sourced from well-established coal producers in Inner Mongolia and sold to PRC customers. As there was a serious coal mining accident in Inner Mongolia in February 2023, operators of the coal mines, being the suppliers of our coal trading business, were required to undertake a safety inspection of their coal mines, during which coal mining activities had to be temporarily suspended and the Group's coal trading for the first three quarters of the Year was adversely affected. During the Year, revenue generated from this segment was approximately RMB77.74 million (FY2022: approximately RMB56.32 million).

Relationships with Customers, Suppliers, Contractors and Other Stakeholders

During the Year, there was no material and significant dispute between the Group and its key stakeholders, including employees, customers, suppliers, contractors, lenders, 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 preparing for the renewal of the production safety license (安全生產許可證), the Group has also obtained all material approvals, permits and licenses for its current business operations.

MAJOR EXPLORATION, DEVELOPMENT AND PRODUCTION ACTIVITIES

Mineral Exploration

In order to renew the mining permit after 30 December 2021, we are required to carry out new exploration work on the Yiduoyan Project. 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 in FY2022.

During the Year, the Group has engaged an independent professional party to prepare a resource reserve verification report in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the"**JORC Code**"). Please refer to the section headed "RESOURCE AND RESERVE" for details.

Development

During the Year, mining operation and other related activities were temporarily suspended. The Group recorded development expenditures of approximately RMB60.16 million with respect to the expansion of the Yiduoyan Project during the Year (FY2022: approximately RMB1.29 million). A detailed breakdown of the development expenditures is set out below:

	2023
	RMB'000
Education and training for production safety	**4.4**
Feasibility study report on the entire industry chain of limestone mineral products	**156.0**
1st installment payment for the additional resources fee	**60,000.0**
Water resource fee	**3.0**
Total	**60,163.4**

* *For identification purposes only*

Mining Operation

During the Year, no excavation work was conducted and hence no marble block was produced and sold. As a result, the expenditure of mining activities per m^3 was nil (FY2022: Nil).

RESOURCE AND RESERVE

Our Yiduoyan Project is an open pit mine located in Hubei Province of the PRC. On 12 July 2023, the Group has successfully renewed the mining permit of the Yiduoyan Project, pursuant to which the term of the mining right is renewed for a period of 20 years, from 12 July 2023 to 12 July 2043.

The renewed mining permit covers a mining area of 0.3973 km^2 and an annual production capacity of 540,000 tonnes (equivalent to approximately 200,000 m^3, as compared to the permitted annual production capacity of 20,000 m^3 under the original mining permit). With the increase in ore resource and permitted annual production capacity, it is expected that the Group would be able to expand its mining production in the future.

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**"). In order to provide an update of the mineral resources and ore reserves of the Yiduoyan Project, a competent person's report dated 7 November 2023 (the "**CPR Report**") has been prepared by AP Appraisal Limited, as set out in Appendix II to the circular of the Company dated 7 November 2023.

Yiduoyan Project's limestone mineral resource statement as at 31 December 2023

Resource Category	Marble	Marble Block Yield	Industry Limestone	Total
	(million m³)	(million m³)	(million m³)	(million m³)
Inferred	6.10	2.20	6.40	12.50
Indicated	10.10	1.40	7.40	17.50
Total	16.20	3.60	13.80	30.00

Yiduoyan Project's marble reserve statement as at 31 December 2023

Reserve Category	White marble V-1	Grey marble V-2	Total	Consumption White and Grey marble	Current Total
	(million m³)	(million m³)	(million m³)	(million m³)	(million m³)
Probable	0.87	0.04	0.91	0.07	0.84

Notes:

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

(2) There was no material change in these estimates during the period from 7 November 2023 to 31 December 2023.

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

MAJOR ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Year, for purpose of and in connection with the renewal of the mining permit of the Yiduoyan Project, XYFB entered into a transfer agreement with the Bureau, pursuant to which the mining rights of the Yiduoyan Project was transferred to XYFB subject to the payment of additional resources fee of RMB98.7314 million. The entering into of the transfer agreement (and the transaction contemplated thereunder) constituted a very substantial acquisition of the Company under Chapter 14 of the Listing Rules. For further details of the transaction, please refer to the announcements of the Company dated 18 July 2023 and 4 August 2023 and the circular of the Company dated 7 November 2023.

Save for the above, there were no other material acquisitions or disposals, including 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 the 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 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
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 (i) diversify the risk by developing coal trading business to offset the temporary impact of the marble block segment; and (ii) minimise the risk of bad debts by receiving the full payment or deposits from customers in advance before the delivery of the goods.
Sufficiency of funds to support capital expenditures	
If the net proceeds from placing of shares are insufficient to fund the Group's future capital requirements for its development plans, the Group will have to use its cash flow from operations to fund its proposed development plans in the future. If the Group is unable to generate sufficient cash flow from its own operations, the Group may need to obtain additional funds by way of alternative financing.	The Group may consider raising funds again in the future to maintain its cash position at a higher security level.
Serious coal mine accident occurred in Inner Mongolia in 2023	
Due to a serious coal mining accident in Inner Mongolia in February 2023, operators of coal mine, being the suppliers of our coal trading business, were required to undertake a safety inspection of their coal mines. During this period, coal mining activities had to be temporarily suspended and the Group's coal trading business was adversely affected.	The Group will continue to identify coal mining operators in other regions to reduce the reliance on major suppliers and diversify its risks.

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; and (iv) develop our commodity trading business.

BUSINESS OUTLOOK

Develop marble and marble-related business

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. 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.

As disclosed in the Company's annual report for the year ended 31 December 2022 (the"**2022 Annual Report**"), the Group submitted applications to the Bureau for (i) enhancing the annual production capacity of the Yiduoyan Project to 200,000 m^3; and (ii) renewing the mining permit in June 2020 and 2021, respectively. Due to the COVID-19 pandemic, the renewal process was affected during the past few years. On 12 July 2023, the Group has successfully renewed the mining permit of the Yiduoyan Project, pursuant to which the term of the mining right is renewed for a period of 20 years, from 12 July 2023 to 12 July 2043. For details of the renewal of the mining permit of the Yiduoyan Project, please refer to the announcements of the Company dated 18 July 2023 and 4 August 2023 and the circular of the Company dated 7 November 2023.

The renewed mining permit covers a mining area of 0.3973 km^2 and an annual production capacity of 540,000 tonnes (equivalent to approximately 200,000 m^3, as compared to the permitted annual production capacity of 20,000 m^3 under the original mining permit). Apart from that, the resource was increased to approximately 30 million m^3 according to the limestone mineral resource statement based on the CPR Report. With the increase in ore resource and permitted annual production capacity, it is expected that the Group would be able to expand its mining production in the future.

In order to increase the production capacity, the Group needs to (i) further expand the mining surface of the marble mine; (ii) obtain all the necessary licenses; and (iii) complete the construction of the expanded mining facilities. It is expected the production can be resumed in the third quarter of 2024.

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

Develop the commodities trading business

We believe that continued development of the commodities trading business will enable the Group to expand its business portfolio, diversify its income source and possibly enhance its financial performance. Other than trading of coals, we will continue to look for other attractive business opportunities whenever the same arises.

SEGMENT INFORMATION

Particulars of the Group's segment information are set out in note 4 to the financial statements in 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, long-term borrowings from independent third parties as well as cash generated from operation.

As at 31 December 2023, the Group had cash and cash equivalents of approximately RMB13.09 million which were denominated in Hong Kong dollars and Renminbi (as at 31 December 2022: approximately RMB31.22 million).

The Group had long-term borrowings as at 31 December 2023. The gearing ratio (defined as long term debt divided by total shareholder's equity) as at 31 December 2023 was 1.98 (as at 31 December 2022: Nil). The current ratio of the Group as at 31 December 2023 was approximately 1.46 times as compared to 1.93 times as at 31 December 2022, based on current assets of approximately RMB18.70 million (as at 31 December 2022: approximately RMB35.72 million) and current liabilities of approximately RMB12.78 million (as at 31 December 2022: approximately RMB18.53 million).

CAPITAL STRUCTURE

There had been no material change in the capital structure of the Group during the Year.

On 19 January 2024, a total of 175,543,200 placing shares have been successfully placed by the placing agent to not less than six placees at the placing price of HKD0.205 per placing share under the general mandate granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 27 June 2023. Upon the completion of the aforesaid placing of new shares, the total number of issued shares was increased from 877,716,000 shares to 1,053,259,200 shares. Please refer to the Company's announcements dated 5 January 2024 and 19 January 2024 for further details of the placing.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group employed a total of 28 full time employees (as at 31 December 2022: 39 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 subsidises 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. East Pacific has not yet drawn any loan from the Loan Facility since the agreement date. On 18 January 2024, East Pacific applied for deregistration. Up to the date of this announcement, the deregistration is still in progress.

Save as disclosed above, the Group did not have any capital commitments and contingent liabilities as at 31 December 2023.

CHARGES OVER THE GROUP'S ASSETS

There were no charges over the Group's assets as at 31 December 2023.

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 2023.

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 FY2022, 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 the Bank.

* *For identification purposes only*

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.

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. Wong Wan Lung, Prof. Lau Chi Pang *J.P.*, Mr. Wang Xiaolong and Mr. Zhang Yijun. It is chaired by Ms. Wong Wan Lung.

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 Part 2 of the Corporate Governance Code (the "**CG Code**") in Appendix C1 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.

Under code provision C.1.6 of the CG Code, independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. Due to other business arrangements, one independent non-executive Director of the Company was unable to attend the annual general meeting of the Company held on 27 June 2023. Going forward, the Company would use its best endeavours to ensure attendance of all Directors at general meetings in compliance with the CG Code.

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 C3 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 19 January 2024, a total of 175,543,200 placing shares have been successfully placed by the placing agent to not less than six placees at the placing price of HKD0.205 per placing share. The net proceeds from the placing of new shares under general mandate granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 27 June 2023, after deducting the commissions and other fees and expenses in relation to the placing, amounted to approximately HKD35.2 million. The Company intends to apply the net proceeds from the placing for the expansion and development of project facilities at the Yiduoyan Project and for the general working capital of the Group. Please refer to the Company's announcements dated 5 January 2024 and 19 January 2024 for further details of the placing.

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2023 and up to the date of this announcement.

DIVIDEND

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

AUDITORS

The consolidated financial statements of the Group for the Year have been audited by Messrs. Lau & Au Yeung C.P.A. Limited, which will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting ("**2024 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 2024 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 2023 ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.futurebrightltd.com). The 2023 annual report of the Company will be 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, 27 March 2024

As at the date of this announcement, the executive Directors are Ms. Bao Rongrong, Mr. Li Yuguo, Mr. Lyu Bin, Mr. Yang Jiantong and Mr. Yang Xiaoqiang (the vice chairman); and the independent non-executive Directors are Prof. Lau Chi Pang J.P., Mr. Wang Xiaolong, Ms. Wong Wan Lung and Mr. Zhang Yijun.