

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)



2023
INTERIM REPORT

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Li Yuguo
Liu Yan Chee James
Lyu Bin
Wang Ruoxi ^{Note 1}
Yang Jiantong
Yang Xiaoqiang (*Vice Chairman*)

Independent Non-Executive Directors

Prof. Lau Chi Pang *J.P.*
Liu Shuyan ^{Note 2}
Wang Xiaolong
Zhang Yijun

COMPANY SECRETARY

Wu Ho Wai

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3603, 36th Floor
West Tower, Shun Tak Centre
168–200 Connaught Road Central
Sheung Wan, Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 207 Shuijing Avenue
Chengguan Town
Nanzhang County, Xiangyang City
Hubei Province, the PRC

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

AUDIT COMMITTEE

Liu Shuyan (*Chairperson*) ^{Note 3}
Prof. Lau Chi Pang *J.P.*
Wang Xiaolong
Zhang Yijun

NOMINATION COMMITTEE

Wang Xiaolong (*Chairman*)
Prof. Lau Chi Pang *J.P.*
Liu Shuyan ^{Note 3}
Yang Jiantong
Zhang Yijun

REMUNERATION COMMITTEE

Wang Xiaolong (*Chairman*)
Prof. Lau Chi Pang *J.P.*
Liu Shuyan ^{Note 3}
Yang Jiantong
Zhang Yijun

AUTHORISED REPRESENTATIVES

Li Yuguo
Wu Ho Wai

CORPORATE INFORMATION

PRINCIPAL BANKERS

The Hongkong and Shanghai
Banking Corporation Limited
China Construction Bank (Asia)
Corporation Company Limited
China Citic Bank International Limited

LEGAL ADVISER AS TO HONG KONG LAWS

Kwok Yih & Chan
Suite 1501, 15th Floor
Bank of America Tower
12 Harcourt Road
Central, Hong Kong

AUDITORS

Lau & Au Yeung C.P.A. Limited
21st Floor, Tai Yau Building
181 Johnston Road
Wanchai, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman)
Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

STOCK CODE

2212

WEBSITE

<http://www.futurebrightltd.com>
(information contained in this website
does not form part of this report)

Note 1 Resigned with effect from 1 April 2023

Note 2 Retired on 27 June 2023

Note 3 Ceased to be the chairperson or member, as appropriate, on 27 June 2023

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2023 (the “**Period**”), the operating revenue of Future Bright Mining Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) was approximately RMB11.53 million, which represented a decrease of approximately 10.48% as compared to the operating revenue of approximately RMB12.88 million for the six months ended 30 June 2022. Since the Group was still in the process of renewing the mining permit during the Period, no excavation work was conducted by the Group during the Period and hence no marble block was produced and sold. As a result, no revenue was derived from marble block segment for the Period (six months ended 30 June 2022: approximately RMB5.60 million).

The trading of coal business commenced in June 2022. Raw coal was directly sourced from well-established coal producers in Inner Mongolia and sold to the 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 during the Period was adversely affected. The trading volume was approximately 20,100 tonnes (six months ended 30 June 2022: approximately 11,700 tonnes) and the revenue generated from this segment was approximately RMB11.53 million (six months ended 30 June 2022: approximately RMB7.28 million), with a gross profit margin of approximately 0.40% (six months ended 30 June 2022: approximately 8.96%).

	Six months ended 30 June 2023			Six months ended 30 June 2022		
	RMB'000	Percentage to total revenue	Gross profit margin	RMB'000	Percentage to total revenue	Gross profit margin
Marble block	–	0.00%	0.00%	5,607	43.52%	53.36%
Commodity trading	<u>11,526</u>	<u>100.00%</u>	<u>0.40%</u>	<u>7,277</u>	<u>56.48%</u>	<u>8.96%</u>
Total	<u>11,526</u>	<u>100.00%</u>	<u>0.40%</u>	<u>12,884</u>	<u>100.00%</u>	<u>28.28%</u>

MANAGEMENT DISCUSSION AND ANALYSIS



Cost of Sales

The Group's cost of sales increased from approximately RMB9.24 million for the six months ended 30 June 2022 to approximately RMB11.48 million for the Period, representing an increase of approximately 24.24%, and such cost was solely attributable to our coal trading business under the commodity trading segment. The cost of sales included both marble blocks mining costs 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 and amortisation of mining rights, 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 Period, the cost of this segment was zero (six months ended 30 June 2022: approximately RMB2.62 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 RMB11.48 million of purchasing costs was recorded during the Period (six months ended 30 June 2022: approximately RMB6.62 million).

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased to approximately RMB46,000 for the Period (gross profit margin of approximately 0.40%) when compared with the gross profit for the six months ended 30 June 2022 of approximately RMB3.64 million (six months ended 30 June 2022: gross profit margin of approximately 28.28%).

Since no revenue was generated from marble block segment and no mining activities was conducted during the Period, the gross profit margin of this segment was zero (six months ended 30 June 2022: gross profit margin of approximately 53.36%). The gross profit margin of the commodity trading segment decreased to approximately 0.40% for the Period (six months ended 30 June 2022: gross profit margin of approximately 8.96%) as higher purchasing costs were incurred during the Period.

Other Income and Gains

Other income and gains for the Period were approximately RMB64,000, which represented a decrease of approximately RMB0.19 million as compared to the other income and gains of approximately RMB0.25 million for the six months ended 30 June 2022. The decrease was mainly attributable to the decrease of government grants and sundry income for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

Administrative expenses mainly included legal and professional fees, printing and announcement fee, depreciation, amortisation of annual listing fee, directors' remuneration, salaries and benefits of staff and other general office expenses. During the Period, administrative expenses of the Group decreased by approximately RMB0.76 million or 10.43%. Although no exploration expense was incurred during the Period, the decrease of administrative expenses was partially offset by the increase of depreciation and building management fee of the new office premises, which in turn resulted in an administrative expenses of approximately RMB6.53 million during the Period (six months ended 30 June 2022: approximately RMB7.29 million).

Impairment on Financial Assets, Net

The management assessed the measurement of expected credit losses in relation to financial assets and no impairment losses were provided for the Period (six months ended 30 June 2022: approximately RMB6.06 million was reversed). The reversal of impairment losses for the six months ended 30 June 2022 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 prior years was also reversed during the six months ended 30 June 2022.

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

As at 30 June 2023, the Group had current equity investments at fair value through profit or loss of approximately RMB42,000 (representing approximately 0.06% of the Group's total assets as at 30 June 2023) which comprised 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 the equity investments of approximately RMB62,000 for the Period (six months ended 30 June 2022: net fair value loss of approximately RMB1,000).

MANAGEMENT DISCUSSION AND ANALYSIS



Other Operating Expenses

Other operating expenses decreased from approximately RMB6.60 million for the six months ended 30 June 2022 to approximately RMB3.15 million for the Period as no bad debts was written off (six months ended 30 June 2022: approximately RMB5.52 million). During the Period, the Group has also recorded loss of approximately RMB2.34 million arising from the deregistration of a subsidiary in the PRC (six months ended 30 June 2022: nil). Other operating expenses also included net foreign exchange loss of approximately RMB0.80 million for the Period (six months ended 30 June 2022: approximately RMB1.04 million). No donation was made for the Period (six months ended 30 June 2022: approximately RMB26,000).

Finance Costs

Finance costs increased from approximately RMB77,000 for the six months ended 30 June 2022 to approximately RMB0.48 million for the Period. The Group's finance costs represented interest on discounted provision for rehabilitation, interest on lease liabilities of office premises and loan interest expenses. During the second half of 2022, 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 for the Period. Besides, loan interest expenses of short-term borrowings from an independent third party was incurred starting from February 2023.

Loss attributable to Owners of the Company

In view of the above factors, loss attributable to owners of the Company increased from approximately RMB4 million for the six months ended 30 June 2022 to approximately RMB9.62 million for the Period. The change was mainly resulted from the significant decrease in gross profit and the loss arising from the deregistration of a subsidiary in the PRC during the Period.

BUSINESS REVIEW

Marble and Marble-related Business

During the Period, we are continuously focusing on the development of the Yiduoyan Project, which is an open pit mine in the Hubei Province of the PRC. Since the Group was still in the process of renewing the mining permit during the Period, no excavation work was conducted by the Group during the Period and hence no marble block was produced and sold (six months ended 30 June 2022: 1,350 m³ marble blocks were sold). As a result, no revenue was derived from this business segment for the Period (six months ended 30 June 2022: approximately RMB5.60 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Trading of Commodities Business

The trading of coal business commenced in June 2022. Raw coal was directly sourced from well-established coal producers in Inner Mongolia and sold to the 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 during the Period was adversely affected. The trading volume was approximately 20,100 tonnes (six months ended 30 June 2022: approximately 11,700 tonnes) and the revenue generated from this segment was approximately RMB11.53 million (six months ended 30 June 2022: approximately RMB7.28 million), with a gross profit margin of approximately 0.40% (six months ended 30 June 2022: approximately 8.96%).

THE YIDUOYAN PROJECT

The Yiduoyan Project is an open pit mine located in the 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 km² and an annual production capacity of 540,000 tonnes (equivalent to approximately 200,000 m³, as compared to the permitted annual production capacity of 20,000 m³ under the original mining permit). With the increase in permitted annual production capacity, it is expected that the Group would be able to expand its mining production in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

MAJOR EXPLORATION, DEVELOPMENT AND PRODUCTION ACTIVITIES

Mineral Exploration

In order to renew the mining permit, we were required to carry out new exploration work on Yiduoyan Project in 2022. 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 as at the end of March 2022 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

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, 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**”). As announced by the Company on 4 August 2023, such report would be included in the circular of the Company to be issued for approving and ratifying the Transaction (as defined therein) in accordance with the requirements under Chapter 18 of the Listing Rules.

Development

Since the Group was still in the process of renewing the mining permit during the Period, mining operation and other related activities such as production safety training was temporarily suspended during the Period. The Group recorded development expenditures of approximately RMB3,000 with respect to the water resource fee of the Yiduoyan Project during the Period (six months ended 30 June 2022: development expenditures of approximately RMB0.44 million).

Mining Operation

Since the Group was still in the process of renewing the mining permit during the Period, no excavation work was conducted during the Period and hence no marble block was produced and sold. As a result, the expenditure of mining activities per m³ was nil (six months ended 30 June 2022: nil).

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:

Business Outlook

Develop marble and marble-related business

The Group remained cautiously optimistic about its future prospects of the marble business. The Group is actively exploring new customers by different ways including through the network of the senior management, as well as through our sales teams in Beijing and Xiamen. We expect our business will have a stable growth in the coming years.

MANAGEMENT DISCUSSION AND ANALYSIS



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 Natural Resources and Planning Bureau of Nanzhang County* (南漳縣自然資源和規劃局) for (i) enhancing the annual production capacity of the Yiduoyan Project to 200,000 m³ per annum; and (ii) renewing the mining permit in June 2020 and 2021 respectively. Due to 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.

The renewed mining permit covers a mining area of 0.3973 km² and an annual production capacity of 540,000 tonnes (equivalent to approximately 200,000 m³, as compared to the permitted annual production capacity of 20,000 m³ under the original mining permit). With the increase in 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 first quarter of 2024.

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

Develop the commodities trading business

In February 2023, there was a serious coal mining accident in Inner Mongolia. Therefore, all coal mining activities in Inner Mongolia needed to be suspended and all operators of the coal mines were required to undertake a safety inspection before resumption of operation. As our suppliers are all from Inner Mongolia and the safety inspection last for a few months, the coal trading business during the Period was adversely affected. According to the latest information available to the Board having made all reasonable enquiries, the coal mining activities of our suppliers are expected to be resumed in or around September 2023. We expected that the trading of coal will resume to normal thereafter.

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 look for other attractive opportunities whenever the same arises.

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS

The Group had no material investments during the Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Saved as disclosed in this interim report, the Group does not have other plans for material investments and capital assets as at 30 June 2023.

INTERIM DIVIDEND

The board (the “**Board**”) of directors (the “**Directors**”) of the Company has resolved not to declare an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

MAJOR ACQUISITIONS AND DISPOSALS DURING THE PERIOD

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

LIQUIDITY, CAPITAL RESOURCES AND GEARING RATIO

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

As at 30 June 2023, the Group had cash and cash equivalents of approximately RMB29.16 million which were denominated in Hong Kong dollars and Renminbi (as at 31 December 2022: approximately RMB31.22 million).

As at 30 June 2023, the short-term borrowings of the Group comprised the loan from third party of approximately RMB17.86 million (as at 31 December 2022: approximately RMB7.73 million) which bears interest at 5% (as at 31 December 2022: nil) per annum and repayable on 14 November 2023 and denominated in Hong Kong dollars.

The gearing ratio (defined as long-term debt divided by total shareholder’s equity) was not applicable. The current ratio of the Group as at 30 June 2023 was about 1.36 times as compared to 1.93 times as at 31 December 2022, based on current assets of approximately RMB36.86 million (as at 31 December 2022: approximately RMB35.72 million) and current liabilities of approximately RMB27.04 million (as at 31 December 2022: approximately RMB18.53 million).

MANAGEMENT DISCUSSION AND ANALYSIS



CHARGES OVER THE GROUP'S ASSETS

There were no charges over the Group's assets as at 30 June 2023.

CAPITAL STRUCTURE

There had been no material change in the capital structure of the Group since 31 December 2022.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group has a total of 28 full time employees (including Directors) who are located in Hong Kong and the PRC. Employees' remuneration packages have been reviewed periodically and determined with reference to the performance of the individual and prevailing market practices. Remuneration packages include basic salaries and other employees' benefits including contributions to statutory mandatory provident funds for our Hong Kong employees, and social insurance together with housing provident funds for our PRC employees. Besides, the Group also provides medical benefits and subsidies employees in various training and continuous education programmes.

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

Change in Use of Proceeds

As announced by the Company on 26 January 2017 and 16 February 2017, the Company completed a placing of new shares under general mandate on 16 February 2017 (the "**Placing**"), with a net proceeds of approximately HKD34 million (equivalent to approximately RMB30 million) to be applied in the following manner:

- approximately HKD24 million (equivalent to approximately RMB21 million), representing approximately 70.6% of the net proceeds, for building a processing plant (the "**Processing Plant**") to produce slabs to add value to marble and provide greater flexibility in accessing markets; and
- approximately HKD10 million (equivalent to approximately RMB9 million), representing approximately 29.4% of the net proceeds, for the general working capital of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2022, the unutilised proceeds of the Placing were approximately HKD23 million (equivalent to approximately RMB20.12 million) (the “**Remaining Proceeds**”). For further details of the use of proceeds of the Placing by the Group up to 31 December 2022, please refer to the 2022 Annual Report.

On 24 August 2023, the Board resolved to change the use of the Remaining Proceeds as follows:

- (i) approximately HKD13 million (equivalent to approximately RMB11.37 million) to be used as capital costs for the expansion of production capacity of the Yiduoyan Project; and
- (ii) approximately HKD10 million (equivalent to approximately RMB8.75 million) for the general working capital of the Group

(the “**Change in UOP**”).

Up to 30 June 2023, the Group had used the net proceeds of the Placing as follows:

Use of proceeds	Original intended use of net proceeds from the Placing HKD (million)	Utilisation up to 30 June 2023 HKD (million)	Remaining Proceeds as at 30 June 2023 HKD (million)	New allocation	Expected timeline for utilising the Remaining Proceeds
				of the Remaining Proceeds after the Change in UOP HKD (million)	
Building the Processing Plant to produce slabs	24.0	1.0	23.0	-	
Capital costs for expansion of production capacity of the Yiduoyan Project	-	-	-	13.0	30 June 2024
General working capital of the Group	10.0	10.0	-	10.0	30 June 2024
	<u>34.0</u>	<u>11.0</u>	<u>23.0</u>	<u>23.0</u>	

MANAGEMENT DISCUSSION AND ANALYSIS



Reasons for the Change in UOP

As announced by the Company on 18 July 2023 and 4 August 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 “**Renewal**”). Following the Renewal, the permitted annual production capacity of the Yiduoyan Project has increased from 20,000 m³ under the original mining permit to 200,000 m³. Accordingly, in order to expand the production capacity of the Yiduoyan Project, it is expected that the Group would have to incur additional capital costs for, among others, (i) acquisition of additional machinery and equipment; (ii) costs of mine construction; (iii) payment of land use fee; and (iv) engineering, procurement and construction management cost.

As disclosed in the 2022 Annual Report, the construction of the Processing Plant is subject to approval of the relevant government authority and the grant of the land use rights. As at the date of this report, both the approval and the land use rights were yet to be obtained and/or granted. Based on the best information of the Directors having made all reasonable enquiries, it is expected that the same would be available in or around June 2024. However, such timeline is only tentative and may be subject to further changes, over which the Group has no control. Given such circumstances and having considered the current priority of the Group to expand the production capacity of the Yiduoyan Project, the Directors are of the view that the Remaining Proceeds could be better utilised for funding the relevant capital costs and for general working capital of the Group. In any event, the Remaining Proceeds are to be utilised for the Group’s principal business of marble blocks mining. In case the relevant approval and land use rights are obtained and/or granted for construction of the Processing Plant, the Group would, based on the then financial information and cash flow condition of the Group, consider alternative funding methods for the construction, including but not limited to external borrowings. The Company will make appropriate announcement(s) or disclosures to inform Shareholders and investors in this regard.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board confirms that save for the commencement of the coal trading business in June 2022, there is no material change in the business of the Group since the Placing. The Board considers that the Change in UOP will enable the Group to deploy its financial resources more effectively with regard to its principal business and to facilitate its business development plan, and is in the interest of the Company and its Shareholders as a whole.

The Company will also announce or disclose its utilisation of the Remaining Proceeds in accordance with the Listing Rules as appropriate.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Save and except those disclosed in note 19 to the condensed consolidated financial information, the Group did not have any capital commitments and contingent liabilities as at 30 June 2023.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

OTHER MATTERS

During the course of the audit for the year ended 31 December 2022, 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 Xiangyang Future Bright Mining Limited* (襄陽高鵬礦業有限公司) ("**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.

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS



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 report, 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.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and enhance the corporate value, accountability and transparency of the Company. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Except for the deviations of the CG Code as explained below, the Company had complied with the applicable code provisions of the CG Code during the Period. The Company will continue to enhance its corporate governance practices appropriate to the operation and growth of its business.

Under Code Provision C.1.6, 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 ("**INED**") 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 10 to the Listing Rules (the "**Model Code**").

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2023, the interests or short positions of the Directors and chief executive of the Company in the shares (the “**Shares**”), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Law of Hong Kong (the “**SFO**”)) as were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to be under such provisions of the SFO), or as were entered in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules are as follows:

Name	Company/name of associated corporation	Capacity and nature of interest	Number of ordinary shares		Approximate % shareholding
			Long position	Short position	
Li Yuguo	The Company	Beneficial owner and interest in controlled corporation	477,799,000 (Note 1)	-	54.44 (Note 2)

Notes:

1. These 477,799,000 shares including (i) 20,152,000 shares owned by Mr. Li Yuguo as beneficial owner and (ii) 457,647,000 shares directly held by Zhong Ke Jiu Tai Technology Group Limited, which is in turn wholly-owned by Zhong Ke Jiu Tai Resources Use Technology Holdings Company Limited. Mr. Li Yuguo is the beneficial owner of the entire issued share capital of Zhong Ke Jiu Tai Resources Use Technology Holdings Company Limited.
2. This is calculated based on a total number of 877,716,000 issued shares as at 30 June 2023.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2023, none of the Directors nor chief executive of the Company had registered any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to be under such provisions of the SFO), or as were entered in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2023, the following persons or corporations, other than the Directors or chief executives of the Company, had or were deemed or taken to have interests or short positions in the Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Long/short position	Capacity and nature of interest	Number of ordinary shares	Approximate % shareholding
Zhong Ke Jiu Tai Resources Use Technology Holdings Company Limited	Long position	Interest in controlled corporation	457,647,000 (Note 1)	52.14 (Note 2)
Zhong Ke Jiu Tai Technology Group Limited	Long position	Beneficial owner	457,647,000 (Note 1)	52.14 (Note 2)

Notes:

1. These 457,647,000 Shares are registered in the name of Zhong Ke Jiu Tai Technology Group Limited, which is directly wholly-owned by Zhong Ke Jiu Tai Resources Use Technology Holdings Company Limited. Mr. Li Yuguo is the beneficial owner of the entire issued share capital of Zhong Ke Jiu Tai Resources Use Technology Holdings Company Limited.
2. This is calculated based on a total number of 877,716,000 issued shares as at 30 June 2023.

OTHER INFORMATION

Save as disclosed above, the Company has not been notified by any persons or corporations, other than the Directors or chief executives of the Company, who had or were deemed or taken to have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2023.

EVENTS AFTER THE REPORTING PERIOD

Save and except those disclosed in note 21 to the condensed consolidated financial information, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2023 and up to the date of this report.

UPDATE ON DIRECTORS' INFORMATION

The change in the information of the Directors since the publication of the 2022 Annual Report required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

- Ms. Liu Shuyan has retired as an INED and ceased to be the chairperson of the audit committee (the “**Audit Committee**”), and a member of the remuneration committee and nomination committee of the Company with effect from the conclusion of annual general meeting held on 27 June 2023. For further details, please refer to the announcements of the Company dated 9 June 2023 and 27 June 2023.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

OTHER INFORMATION

NON-COMPLIANCE WITH RULES 3.10(2) AND 3.21 OF THE LISTING RULES

As announced by the Company on 27 June 2023, following the retirement of Ms. Liu Shuyan, none of the INEDs is able to fulfill the requirement as prescribed under Rule 3.10(2) of the Listing Rules (being that at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise, the “**Relevant Qualifications**”), and no member of the Audit Committee has the Relevant Qualifications, as required under Rule 3.21. The chairperson’s seat of the Audit Committee is also currently left vacant.

The Company is endeavoring to identify a suitable candidate to meet the requirements under Rules 3.10(2) and 3.21 as soon as practicable, and in any event within three months from 27 June 2023. The Company will make further announcement(s) in this regard as and when appropriate.

REVIEW OF ACCOUNTS BY THE AUDIT COMMITTEE

The Audit Committee of the Board consists of all INEDs, namely Prof. Lau Chi Pang *J.P.*, Mr. Wang Xiaolong and Mr. Zhang Yijun. The major functions of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control of the Group. The Audit Committee had reviewed this report and the unaudited financial results of the Group for the Period and considered that they were prepared in compliance with the relevant accounting standards, and that the Company has made appropriate disclosure thereof under the requirement of the Listing Rules.

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

Hong Kong, 24 August 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

		2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
	Notes		
REVENUE	4	11,526	12,884
Cost of sales		<u>(11,480)</u>	<u>(9,240)</u>
Gross profit		46	3,644
Other income and gains	5	64	248
Administrative expenses		(6,532)	(7,294)
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		(62)	(1)
Other operating expenses		(3,151)	(6,601)
Finance costs	6	<u>(484)</u>	<u>(77)</u>
LOSS BEFORE TAX	7	(10,119)	(4,017)
Income tax credit	8	<u>255</u>	<u>11</u>
LOSS FOR THE PERIOD		<u>(9,864)</u>	<u>(4,006)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)*For the six months ended 30 June 2023*

		2023	2022
		(unaudited)	(unaudited)
	Note	RMB'000	RMB'000
Loss attributable to:			
Owners of the Company		(9,622)	(3,998)
Non-controlling interests		(242)	(8)
		<u>(9,864)</u>	<u>(4,006)</u>
 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (RMB cents)	9	<u>1.10</u>	(Restated) <u>0.46</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
LOSS FOR THE PERIOD	<u>(9,864)</u>	<u>(4,006)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	495	1,085
Realisation of exchange reserve upon deregistration of a subsidiary	<u>122</u>	<u>–</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>617</u>	<u>1,085</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(9,247)</u>	<u>(2,921)</u>
Attributable to:		
Owners of the Company	(9,004)	(2,911)
Non-controlling interests	<u>(243)</u>	<u>(10)</u>
	<u>(9,247)</u>	<u>(2,921)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

		30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	11	12,442	12,604
Right-of-use assets	11	4,555	5,889
Other intangible assets	11	19,873	19,873
Total non-current assets		36,870	38,366
CURRENT ASSETS			
Inventories		535	535
Trade receivables	12	24	–
Prepayments, deposits and other receivables	13	7,102	3,860
Financial assets at fair value through profit or loss		42	102
Cash and cash equivalents		29,158	31,223
Total current assets		36,861	35,720
CURRENT LIABILITIES			
Trade payables	14	501	485
Other payables and accruals		4,598	5,533
Short-term borrowings		17,859	7,727
Amount due to a director	18	10	10
Amount due to the ultimate controlling shareholder	18	553	536
Tax payable		–	961
Lease liabilities	15	3,516	3,281
Total current liabilities		27,037	18,533

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2023

		30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
	Notes		
NET CURRENT ASSETS		<u>9,824</u>	<u>17,187</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>46,694</u>	<u>55,553</u>
NON-CURRENT LIABILITIES			
Lease liabilities	15	129	1,746
Deferred tax liabilities		1,474	1,729
Provision for rehabilitation	16	<u>1,587</u>	<u>1,535</u>
Total non-current liabilities		<u>3,190</u>	<u>5,010</u>
Net assets		<u>43,504</u>	<u>50,543</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	17	3,524	3,524
Reserves		<u>40,005</u>	<u>49,009</u>
		43,529	52,533
Non-controlling interests		<u>(25)</u>	<u>(1,990)</u>
Total equity		<u>43,504</u>	<u>50,543</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company										
	Share capital RMB'000 (Note 17)	Share premium RMB'000	Capital reserve RMB'000	Contributed reserve RMB'000	Safety fund surplus reserve RMB'000	Statutory reserve fund RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023 (audited)	3,524	130,899	24,216	34,152	51	238	4,447	(144,994)	52,533	(1,990)	50,543
Loss for the Period	-	-	-	-	-	-	-	(9,622)	(9,622)	(242)	(9,864)
Other comprehensive income for the Period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	496	-	496	(1)	495
Realisation of exchange reserve upon deregistration of a subsidiary	-	-	-	-	-	-	122	-	122	-	122
Total comprehensive loss for the Period	-	-	-	-	-	-	618	(9,622)	(9,004)	(243)	(9,247)
Derecognition of non-controlling interest upon deregistration of a subsidiary	-	-	-	-	-	-	-	-	-	2,208	2,208
At 30 June 2023 (unaudited)	<u>3,524</u>	<u>130,899</u>	<u>24,216</u>	<u>34,512</u>	<u>51</u>	<u>238</u>	<u>5,065</u>	<u>(154,616)</u>	<u>43,529</u>	<u>25</u>	<u>43,504</u>

	Attributable to owners of the Company										
	Share capital RMB'000 (Note 17)	Share premium RMB'000	Capital reserve RMB'000	Contributed reserve RMB'000	Safety fund surplus reserve RMB'000	Statutory reserve fund RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022 (audited)	3,524	130,899	24,216	34,152	180	238	2,508	(136,127)	59,590	(1,924)	57,666
Loss for the Period	-	-	-	-	-	-	-	(3,998)	(3,998)	(8)	(4,006)
Other comprehensive income for the Period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	1,087	-	1,087	(2)	1,085
Total comprehensive loss for the Period	-	-	-	-	-	-	1,087	(3,998)	(2,911)	(10)	(2,921)
Use of safety fund surplus reserve	-	-	-	-	(15)	-	-	-	(15)	-	(15)
At 30 June 2022 (unaudited)	<u>3,524</u>	<u>130,899</u>	<u>24,216</u>	<u>34,152</u>	<u>165</u>	<u>238</u>	<u>3,595</u>	<u>(140,125)</u>	<u>56,664</u>	<u>(1,934)</u>	<u>54,730</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

		2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
	Notes		
Cash flows from operating activities			
Loss before tax		(10,119)	(4,017)
Adjustments for:			
Finance costs	6	484	77
Interest income	5	(55)	(38)
Losses on changes in fair value of financial assets at fair value through profit or loss	7	62	1
Loss on deregistration of a subsidiary	7	2,335	–
Reversal of impairment losses of trade receivables	7	–	(5,524)
Reversal of impairment loss of other receivables	7	–	(540)
Use of safety fund surplus reserve		–	(15)
Depreciation of property, plant and equipment	7, 11	163	332
Depreciation of right-of-use assets	7, 11	1,809	380
Bad debts written off	7	–	5,524
Written off of property, plant and equipment	7	1	–
		(5,320)	(3,820)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2023

		2023	2022
		(unaudited)	(unaudited)
Notes		RMB'000	RMB'000
Decrease in inventories		–	1,802
Increase in trade receivables		(24)	–
(Increase)/decrease in prepayments, deposits and other receivables		(3,105)	2,305
Decrease in trade payables		–	(562)
Decrease in other payables and accruals		(422)	(1,776)
Increase in amount due to a related party		–	2,000
Increase in amount due to the ultimate controlling shareholder		–	513
		<hr/>	<hr/>
Cash (used in)/from operations		(8,871)	462
Cash payments for the interest portion of the lease liabilities	6	(182)	(28)
Income taxes paid		(961)	1
		<hr/>	<hr/>
Net cash flows (used in)/from operating activities		(10,014)	435
		<hr/>	<hr/>
Cash flows from investing activities			
Interest received	5	55	38
Purchase of items of property, plant and equipment	11	–	(19)
Refund of deposits paid for acquisition of property, plant and equipment		–	3,400
		<hr/>	<hr/>
Net cash flows from investing activities		55	3,419
		<hr/>	<hr/>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2023

Notes	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Cash flows from financing activities		
Proceeds from short-term borrowings	9,712	513
Principal portion of lease payments	<u>(1,865)</u>	<u>(360)</u>
Net cash flows from in financing activities	<u>7,847</u>	<u>153</u>
Net (decrease)/increase in cash and cash equivalents	(2,112)	4,007
Cash and cash equivalents at beginning of Period	31,223	25,989
Effect of foreign exchange rate changes, net	<u>47</u>	<u>55</u>
Cash and cash equivalents at end of Period	<u><u>29,158</u></u>	<u><u>30,051</u></u>
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as stated in the statement of financial position and statement of cash flows	<u><u>29,158</u></u>	<u><u>30,051</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
30 June 2023

1. CORPORATE INFORMATION

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

The Company is an investment holding company. During the six months ended 30 June 2023 (the “**Period**”), the Group was principally engaged in the following activities:

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries

Particulars of the Company's principal subsidiaries at the end of the Period are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Gold Title Investments Limited	British Virgin Islands	USD50,000	100	–	Investment holding
New Victoria Investments Limited	British Virgin Islands	USD1	100	–	Investment holding
World Harvest Group Limited	British Virgin Islands	USD1	100	–	Investment holding
Future Bright (H.K.) Investment Limited	Hong Kong	HKD10,000	–	100	Commodity trading
East Pacific Investment Limited	Hong Kong	HKD100	–	51	Investment holding
Main Pacific Investment Limited	Hong Kong	HKD1	–	100	Investment holding
Xiangyang Future Bright Mining Limited*	PRC/Mainland China	RMB20,000,000	–	100	Mining, ore processing and sale of marble products

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)
30 June 2023

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Main Pacific (Shenzhen) Technology Limited*	PRC/Mainland China	RMB1,000,000	–	100	New energy technology and mineral products technology development, technology transfer, service and consulting
Inner Mongolia Main Pacific Energy Company Ltd.**	PRC/Mainland China	RMB10,000,000	–	100	Sales of coals and coals products

* Registered as a wholly-foreign-owned enterprise under PRC law.

** Limited liability company wholly owned by a PRC subsidiary under PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

2.2 New standards, interpretations and amendment adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new and revised International Financial Reporting Standards (“IFRSs”) effective for the annual period beginning on or after 1 January 2023:

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

3. OPERATING SEGMENT INFORMATION

Six months ended 30 June 2023

	Marble block (unaudited) RMB'000	Commodity trading (unaudited) RMB'000	Total (unaudited) RMB'000
Segment revenue:			
Sales to external customers	–	11,526	<u>11,526</u>
Revenue			<u><u>11,526</u></u>
Segment results	(1,174)	(436)	(1,610)
<i>Reconciliation:</i>			
Interest income			55
Finance costs (Other than interest on lease liabilities)			(302)
Corporate and other unallocated expenses			<u>(8,262)</u>
Loss before tax			<u><u>(10,119)</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2022

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

3. OPERATING SEGMENT INFORMATION (CONTINUED)

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2023 and 31 December 2022, respectively.

30 June 2023

	Marble block (unaudited) RMB'000	Commodity trading (unaudited) RMB'000	Total (unaudited) RMB'000
Segment assets:	34,042	21,850	55,892
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(17,986)
Corporate and other unallocated assets			<u>35,825</u>
Total assets			<u><u>73,731</u></u>
Segment liabilities:	23,742	677	24,419
<i>Reconciliation:</i>			
Elimination of intersegment payables			(17,986)
Corporate and other unallocated liabilities			<u>23,794</u>
Total liabilities			<u><u>30,227</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

3. OPERATING SEGMENT INFORMATION (CONTINUED)

31 December 2022

	Marble block (audited) RMB'000	Commodity trading (audited) RMB'000	Total (audited) RMB'000
Segment assets:	34,167	21,811	55,978
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(18,586)
Corporate and other unallocated assets			<u>36,694</u>
Total assets			<u><u>74,086</u></u>
Segment liabilities:	24,344	706	25,050
<i>Reconciliation:</i>			
Elimination of intersegment payables			(18,586)
Corporate and other unallocated liabilities			<u>17,079</u>
Total liabilities			<u><u>23,543</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)
30 June 2023

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Revenue from contracts with customers		
Sale of goods	<u>11,526</u>	<u>12,884</u>

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2023

Segments	Marble block (unaudited) RMB'000	Commodity trading (unaudited) RMB'000	Total (unaudited) RMB'000
Type of goods or services			
Sale of coals	<u>–</u>	<u>11,526</u>	<u>11,526</u>
Geographical markets			
Mainland China	<u>–</u>	<u>11,526</u>	<u>11,526</u>
Timing of revenue recognition			
Goods transferred at a point in time	<u>–</u>	<u>11,526</u>	<u>11,526</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

4. REVENUE (CONTINUED)**Disaggregated revenue information for revenue from contracts with customers** (continued)

For the six months ended 30 June 2022

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

4. REVENUE (CONTINUED)

Disaggregated revenue information for revenue from contracts with customers (continued)

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

For the six months ended 30 June 2023

Segments	Marble block (unaudited) RMB'000	Commodity trading (unaudited) RMB'000	Total (unaudited) RMB'000
Revenue from contracts with customers			
External customers	—	11,526	11,526

For the six months ended 30 June 2022

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Bank interest income	55	38
Government grants	–	84
Others	9	126
	<u>64</u>	<u>248</u>

6. FINANCE COSTS

	For the six months ended 30 June	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Interest on lease liabilities	182	28
Unwinding of discount (Note 16)	52	49
Loan interest expenses	250	–
	<u>484</u>	<u>77</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)
30 June 2023

7. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Cost of inventories sold	11,480	9,240
Staff costs (including directors' remuneration)		
Wages and salaries	2,567	2,294
Pension scheme contributions	220	189
	2,787	2,483
Bad debts written off	–	5,524
Depreciation of property, plant and equipment* (Note 11)	163	332
Depreciation of right-of-use assets (Note 11)	1,809	380
Foreign exchange difference, net	797	1,036
Losses on changes in fair value of financial assets at fair value through profit or loss	62	1
Loss on deregistration of a subsidiary	2,335	–
Operating lease rentals	9	2
Reversal of impairment losses of trade receivables (Note 12)	–	(5,524)
Reversal of impairment losses of other receivables	–	(540)
Written off of property, plant and equipment (Note 11)	1	–

* The partial depreciation of property, plant and equipment for prior period is included in "Cost of inventories sold" in consolidated statement of profit or loss or "Inventories" in the consolidated statement of financial position.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

8. INCOME TAX

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

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from Hong Kong during the Period (six months ended 30 June 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 for the Period. The Group's subsidiaries located in Mainland China were generally subject to the PRC CIT at the rate of 25%, except for subsidiaries which are eligible as Small Low-profit Enterprise* (小型微利企業). From 1 January 2023, a Small Low-profit Enterprise with an annual taxable profit of less than RMB1 million, is subject to CIT calculated at 25% (six months ended 30 June 2022: 12.5%) of its taxable profit at a tax rate of 20%. During the Period, no subsidiary (six months ended 30 June 2022: one subsidiary) is subject to the relevant preferential tax treatments.

	For the six months ended 30 June	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Current — Mainland China		
Provision for the Period	—	14
Over provision in prior years	—	(1)
Deferred		
Tax credit for the Period	<u>(255)</u>	<u>(24)</u>
Total tax credit for the Period	<u><u>(255)</u></u>	<u><u>(11)</u></u>

* For identification purposes only

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

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

The calculation of the basic loss per share is based on the loss for the Period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 877,716,000 (six months ended 30 June 2022: 877,716,000 (Restated)) in issue during the Period.

The basic and diluted loss per share are the same as there is no potentially dilutive ordinary shares in issue for the six months ended 30 June 2023 and 2022.

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

	For the six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Loss		
Loss attributable to ordinary equity holders of the Company	<u>(9,622)</u>	<u>(3,998)</u>
	Number of shares	
	For the six months	
	ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
		(Restated)
Shares		
Weighted average number of ordinary shares in issue during the Period used in the basic loss per share calculation	<u>877,716,000</u>	<u>877,716,000</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

10. DIVIDEND

The Board did not declare or recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

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

Movements in property, plant and equipment, right-of-use assets and other intangible assets during the six months ended 30 June 2023 are as follows:

	Property, plant and equipment RMB'000	Right- of-use assets RMB'000	Other intangible assets RMB'000
Carrying amount at			
1 January 2023 (audited)	12,604	5,889	19,873
Additions	-	350	-
Written off	(1)	-	-
Depreciation/amortisation charged for the Period	(163)	(1,809)	-
Exchange realignment	2	125	-
	<u>12,442</u>	<u>4,555</u>	<u>19,873</u>
Carrying amount at			
30 June 2023 (unaudited)	<u>12,442</u>	<u>4,555</u>	<u>19,873</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)
 30 June 2023

12. TRADE RECEIVABLES

	30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
Trade receivables	24	–
Impairment	<u>–</u>	<u>–</u>
Total	<u>24</u>	<u>–</u>

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

	30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
Within 3 months	<u>24</u>	<u>–</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

12. TRADE RECEIVABLES (CONTINUED)

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

	30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
At the beginning of Period	–	5,524
Reversal of impairment losses	–	(5,524)
	<hr/>	<hr/>
At the end of Period	<hr/> –	<hr/> –

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
Prepayments	3,801	609
Deposits and other receivables	3,301	3,251
	<hr/>	<hr/>
	<hr/> 7,102	<hr/> 3,860

As at 30 June 2023, the loss allowance of the financial assets included in the above balances relating to receivables was assessed to be minimal (31 December 2022: nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)
 30 June 2023

14. TRADE PAYABLES

	30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
Over 3 months	<u>501</u>	<u>485</u>

15. LEASE LIABILITIES

	30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
Current	3,516	3,281
Non-current	<u>129</u>	<u>1,746</u>
	<u>3,645</u>	<u>5,027</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

16. PROVISION FOR REHABILITATION

	30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
At the beginning of Period	1,535	1,438
Unwinding of discount (Note 6)	52	97
	1,587	1,535

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

17. SHARE CAPITAL

	30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
Issued and fully paid:		
877,716,000 (31 December 2022: 877,716,000) ordinary shares	3,524	3,524

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)
30 June 2023

18. RELATED PARTY TRANSACTIONS

- (a) Outstanding balances with related parties

	30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
Due to a director (Note 1)	10	10
Due to the ultimate controlling shareholder (Note 2)	553	536
	563	546

Notes:

- (1) The balances due to a director are unsecured, interest-free, repayable on demand and denominated in RMB.
- (2) The balances due to the ultimate controlling shareholder are unsecured, interest-free, repayable on demand and denominated in HKD.

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

	For the six months ended 30 June	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Salaries, allowances and benefits in kind	1,495	1,278
Pension scheme contributions	44	42
	1,539	1,320

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

19. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

30 June	31 December
2023	2022
(unaudited)	(audited)
RMB'000	RMB'000

Capital expenditure in respect of the renewal of the mining permit contracted for but not provided in the consolidated financial statements (Note)

98,731	—
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Note:

On 20 June 2023, the Group has entered into a contract with Natural Resources and Planning Bureau of Nanzhang County* (南漳縣自然資源和規劃局) for (i) enhancing the annual production capacity of the Yiduoyan Project to 200,000m³ per annum; and (ii) renewing the mining permit for an amount of approximately RMB98,731,000. The first installment of RMB60,000,000 was paid by the Group in July 2023. The remaining balance of approximately RMB38,731,000 will be paid in three installments between 2027 and 2029. For details, please refer to the announcements of the Company dated 18 July 2023 and 4 August 2023.

* For identification purposes only

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying Amounts		Fair values	
	30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000	30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
Financial assets				
Financial assets at fair value through profit or loss	<u>42</u>	<u>102</u>	<u>42</u>	<u>102</u>

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2023

	Fair value measurement using			Total (unaudited) RMB'000
	Quoted prices in active markets (Level 1) (unaudited) RMB'000	Significant observable inputs (Level 2) (unaudited) RMB'000	Significant unobservable inputs (Level 3) (unaudited) RMB'000	
Financial assets at fair value through profit or loss	42	-	-	42

As at 31 December 2022

	Fair value measurement using			Total (audited) RMB'000
	Quoted prices in active markets (Level 1) (audited) RMB'000	Significant observable inputs (Level 2) (audited) RMB'000	Significant unobservable inputs (Level 3) (audited) RMB'000	
Financial assets at fair value through profit or loss	102	-	-	102

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)
30 June 2023

21. EVENTS AFTER THE REPORTING PERIOD

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 purpose of the renewal, an additional resources fee of approximately RMB98.7 million shall be paid by the Group by installments. The first installment of RMB60 million was paid by the Group in July 2023. The remaining balance of approximately RMB38.7 million will be paid in three installments between 2027 and 2029. For details, please refer to the announcements of the Company dated 18 July 2023 and 4 August 2023.

On 24 August 2023, the Board resolved to change the use of the remaining balance of the unutilised net proceeds from the placing of new shares under general mandate on 16 February 2017. The details were disclosed in the paragraph headed "CHANGE IN USE OF PROCEEDS" under the section headed "MANAGEMENT DISCUSSION AND ANALYSIS" in this report.

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2023 and up to the date of this report.

22. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the Board on 24 August 2023.