Interim Report 2015 中期報告

Future Bright Mining Holdings Limited
高鵬礦業控股有限公司

(incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號：2212

CONTENTS

CORPORATE INFORMATION

Directors

Executive Directors

Guo Xiao Ping *(Chairman)*
Zhang Decong

Non-Executive Directors

Hu Jin Xiong
Li Ethan Jing
Leung Kar Fai

Independent Non-Executive Directors

Chow Hiu Tung
Lau Tai Chim
Sin Ka King

Alternate Director

Yuan Shan (alternate director to Zhang Decong)

Company Secretary

Ho Yuk Ming Hugo

Principal Place of Business in Hong Kong

16th Floor,
Guangdong Finance Building
88 Connaught Road West
Hong Kong

Registered Office

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

Audit Committee

Chow Hiu Tung *(Chairman)*
Lau Tai Chim
Sin Ka King

Nomination Committee

Lau Tai Chim *(Chairman)*
Chow Hiu Tung
Sin Ka King

Remuneration Committee

Sin Ka King *(Chairman)*
Chow Hiu Tung
Lau Tai Chim

Authorised Representatives

Ho Yuk Ming Hugo
Leung Kar Fai

Principal Bankers

Bank of Communications Company Limited, Hong Kong Branch

Legal Adviser in Hong Kong

Stevenson, Wong & Co.

Auditors

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office

Codan 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

Compliance Adviser

Guotai Junan Capital Limited

Website

http://www.futurebrightltd.com

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2015, the Group's operating revenue was approximately RMB8.29 million. As we focused on mining construction and infrastructure development and did not commence limited commercial production prior to 30 August 2014, there was no revenue generated for the six months ended 30 June 2014. The revenue represented sale of marble blocks income derived from our Yiduoyan Project located in the PRC.

Cost of Sales

During the six months ended 30 June 2015, the Group's cost of sales amounted to approximately RMB2.79 million, represents marble blocks mining costs, which mainly included mining labour costs, materials consumption, fuel, electricity, depreciation of production equipments and amortization of mining rights. As we did not commence commercial production prior to 30 August 2014, we did not recognize any cost of sales for the six months ended 30 June 2014.

Gross Profit and Gross Profit Margin

During the six months ended 30 June 2015, the gross profit of the Group amounted to approximately RMB5.50 million and the gross profit margin was approximately 66.30% for the six months ended 30 June 2015. As we did not commence commercial production prior to 30 August 2014, we did not recognize any revenue and cost of sales for the six months ended 30 June 2014.

Other Income and Gains

During the six months ended 30 June 2015, other income was approximately RMB0.66 million, which represented a significant increase of approximately RMB0.65 million as compared to the other income of approximately RMB0.01 million for the six months ended 30 June 2014, mainly comprising the foreign exchange gain and rental income during the reporting period.

Selling and Distribution expenses

During the six months ended 30 June 2015, selling and distribution expenses mainly consisted of salaries and wages of the Group's sales and distribution staff and their travelling expenses, were approximately RMB0.47 million, representing approximately 5.69% of the revenue for the six months ended 30 June 2015.

Administrative expenses

During the six months ended 30 June 2015, administrative expenses increased by RMB0.43 million or 10.12% over the six months ended 30 June 2014 to RMB4.67 million. The increase was mainly attributable to increase in salaries incurred during the period. Administrative expenses mainly included the legal and professional fees, consultancy fees and salaries of staff.

Profit attributable to owners of the parent

In summary, profit attributable to owners of the parent was approximately RMB0.10 million for the six months ended 30 June 2015 (six months ended 30 June 2014: loss RMB3.97 million). The profit is mainly resulted from the Group recognized sales for the six months ended 30 June 2015 as we commenced limited commercial production since September 2014.

BUSINESS REVIEW

In the first half of 2015, we have been focusing on development our Yiduoyan Project. A total of 3,086 m^3 of marble blocks have already been produced. Marble blocks mined from our Yiduoyan Project are our principal products.

During the reporting period, we have established a wholly-owned subsidiary, namely, Guangdong Future Bright Building Materials Limited (廣東高鵬建材有限公司) ("FB Building Materials") in the PRC. It is intended that FB Building Materials will be principally engaged in the sales of marble related products as an ancillary marble product of the Group.

We will continue to develop the Yiduoyan Project and aim at achieving production at a production rate of 20,000 m^3 per annum in the beginning of 2017. We will increase product exposure and recognition through industry exchanges. In addition, we will expand our Resource through further exploration of the Yiduoyan Project and selective acquisitions. We will strive to recruit more talents with established industry expertise to further enhance our competitiveness. Our vision is to become a well-known marble blocks supplier in China.

MAJOR EXPLORATION, DEVELOPMENT AND PRODUCTION ACTIVITIES

In the first half of 2015, we continued our efforts in the expansion of the 900-m haulage road connecting the Provincial highway and constructed a transfer pad with dimensions of 100 m by 18 m nearby for marble blocks loading and truck site. Currently, the 250 KVA special transformer previously installed is able to meet the needs of production and accommodation at the mine site and is ready for capacity expansion in the future. At present, we continue mining two benches at the 532 m level and 524 m level with a larger area for mining. After more than two months' intensive construction upon its kick-off this year, the overburden, fracture zone and joints of weathering at the mine site have been largely stripped off in general. Mining will proceed in a bench-by-bench pushback manner downwards. It is expected that mining of the bench at the 548 m level will be completed by the end of 2015.

Having obtained the 8,000 m^3 Approval (refer to Annual Report 2014) in 2014, we obtained another 20,000 m^3 Approval (refer to Annual Report 2014) in May 2015. From January 2015 to the end of June 2015, a total of 3,086 m^3 of marble blocks were produced. It is expected that marble blocks of up to 7,500 m^3 will be produced by the end of the year.

OUR YIDUOYAN PROJECT

Our Yiduoyan Project is an open pit mine located in Hubei Province of China. Currently, the Group holds the mining permit of the Yiduoyan Project with a permitted production capacity of 20,000 m^3 per annum for a term of 10 years (which will expire on 30 December 2021 and can be extended for another 10 years to 30 December 2031 according to applicable PRC laws and regulations), covering an area of approximately 0.5209 km^2. The Yiduoyan Project contains marble resources with Resource expansion potential through exploration according to the Independent Technical Report.

The Company did not have exploration activities during the reporting period. In the reporting period, the capital expenditure of Yiduoyan Project was RMB3.3 million.

PROSPECT

Our vision is to become a well-known supplier of marble blocks in China. We plan to accomplish this goal by pursuing the following strategies:

Developing our Yiduoyan Project

We will continue to implement our development plan on our Yiduoyan Project and our mining capacity for marble blocks is expected to increase to 7,500 m^3 per annum in 2015 and to 16,000 m^3 per annum in 2016. Following the completion of our development plan in December 2016, our mining capacity for marble blocks is expected to reach full production rate of 20,000 m^3 per annum.

Develop product recognition

We believe that recognition of our marble block product among industry professionals is critical to our development and success. As such, we intend to increase exposure of our marble block product in selected trade and other high-end decorative surfacing stone magazines, as well as attending industry forums, trade fairs and exhibitions to establish communications with industry professionals, major dimension stone processors and construction and decoration companies. Moreover, to achieve further recognition of our marble block product, we plan to market our marble block product for use in landmark construction projects, such as high-end hotels and major commercial buildings, where our marble block product can be prominently displayed and showcased. In doing so, we believe that we will be able to keep abreast of industry trends, which will enable us to strengthen our corporate profile, enhance our business and achieve product recognition among both industry professionals and end customers.

Expand our Resource through further exploration of our Yiduoyan Project and selective acquisitions

We plan to increase the Resource of our Yiduoyan Project through further exploration work within our permitted mining area. As part of our future plans for acquisitive growth, we plan to continue to carefully evaluate and identify selective acquisition opportunities. We intend to increase our marble Resource and Reserve further through the acquisition of additional mining permit of marble projects in China.

MAJOR ACQUISITION AND DISPOSAL OF ASSETS AND MERGER ISSUES

The Group had no major acquisition and disposal of assets and merger issues during the six months ended 30 June 2015.

LIQUIDITY AND CAPITAL RESOURCES

Our primary use of liquidity have been to invest in the development of our mine and to funding working capital, which are funded by a combination of bank borrowings, capital contribution by shareholders as well as cash generated from operation.

In June 2015, we paid off the outstanding balance of the bank loan from China Everbright Bank bore interest at 30% higher than Loan Prime Rate issued by the People's Bank of China and repayable by installments before 28 February 2017.

The Group had no borrowings as at 30 June 2015, therefore the gearing ratio is not applicable. The current ratio of the Group as at 30 June 2015 was about 27.0 times as compared to 0.6 times as at 31 December 2014, based on current assets of RMB50.9 million (as at 31 December 2014: RMB9.4 million) and current liabilities of RMB1.9 million (as at 31 December 2014: RMB14.9 million). It was mainly resulted from the proceeds raised from the listing of the Company.

CAPITAL STRUCTURE

The Company was listed on the Stock Exchange on 9 January 2015. The issued share capital of the Company was increased immediately after the global offering stated in the Prospectus of the Company dated 29 December 2014. As at 30 June 2015, the authorised shares capital of the Company was HK$80,000,000 and the total number of issued shares was 352,000,000 shares.

SHARE OPTION SCHEME

During the reporting period, no share option was granted, exercised, expired or lapsed and there was no outstanding share option under the share option scheme.

EMPLOYEES

As at 30 June 2015, the Group employed a total of 34 full time employees, 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 base salaries and other employees' benefits include contributions to statutory mandatory provident funds for our Hong Kong employees, and social insurance together with housing provident funds for our PRC employees.

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds from the Company's listing and issue of new shares of the Company (the "Share(s)") amounted to approximately HK$56.1 million (equivalent to approximately RMB44.9 million). The net proceeds will be applied in accordance with the proposed applications set out in the section headed "Future plans and use of proceeds" contained in the prospectus of the Company dated 29 December 2014 (the "Prospectus"). During the reporting period, the utilized net proceeds were approximately RMB3.8 million (details as follow) and the remaining proceeds as at 30 June 2015 were approximately RMB41.1 million and they were deposited with licensed banks as saving deposits in Hong Kong and Mainland China respectively.

	Remaining Proceeds as at 30 June 2015 *RMB million* **(unaudited)**	**Proceeds Utilized for the reporting period** *RMB million* **(unaudited)**
Capital expenditure of Yiduoyan Project	33.2	3.3
Development of sales channels and marketing	4.0	–
Working capital and other general corporate purposes	3.9	0.5
Total	41.1	3.8

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2015, the Group authorized, but not contracted for capital commitments of approximately RMB37.2 million primarily for the construction and purchase of property, plant and equipment for our development purpose.

The Group had no significant contingent liabilities as at 30 June 2015.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's monetary assets and transactions are mainly denominated in Hong Kong dollars and Renminbi. The exchange rates of Renminbi against Hong Kong dollars were relatively stable during the reporting period. During the reporting period, the Group did not use financial instruments for hedging purposes. The Group continues to monitor the exposures to Renminbi and will take necessary procedures to reduce the fluctuations in exchange rates at reasonable costs.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and to enhance the corporate value, accountability and transparency of the Company. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Except for the deviations from code provision A.2.1 and A.4.1 of the CG Code as explained below, the Company had complied with the applicable code provisions of the CG Code since the Listing Date and throughout the period ended 30 June 2015. The Company will continue to enhance its corporate governance practices appropriate to the operation and growth of its business.

According to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Guo Xiao Ping, in addition to his duties as the chairman of the Board, is also responsible for the strategic planning and overseeing all aspects of the Group's operations as the chief executive officer of the Company. Mr. Guo Xiao Ping as the founder of the Group has extensive experience and knowledge in the business of the Group. The Board believes that his role as being the Chairman and Chief Executive Officer provides the Group with strong and consistent leadership and allows for efficient business planning and decisions. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group.

Non-executive directors and independent non-executive directors of the Company are not appointed for a specific term but they are subject to retirement by rotation and re-election in accordance with the articles of association of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Director.

Having made specific enquiry with all the Directors, each of whom has confirmed compliance with the required standard set out in the Model Code during the six months ended 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares nor any or its subsidiaries has purchased, sold any of the Company's shares during the six months ended 30 June 2015.

REVIEW OF ACCOUNTS BY THE AUDIT COMMITTEE

The Audit Committee consists of the all independent non-executive Directors, namely Messrs. Mr. Chow Hiu Tung, Mr. Lau Tai Chim and Mr. Sin Ka King. The purpose of the establishment of the Audit Committee is for reviewing and supervising the financial report process and internal control of the Group. The Audit Committee has reviewed the unaudited financial results of the Group for the reporting 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.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2015, the Directors and their associates had the following interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) as recorded 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:

			Number of Shares		
Name of Director	**Name of Company**	**Nature of interest**	**Long Position**	**Short Position**	**Approximate % shareholding**
Guo Xiao Ping	The Company	Interest in controlled corporation	134,640,000	–	38.25 *(Note 1)*
Hu Jin Xiong	The Company	Interest in controlled corporation	129,360,000	–	36.75 *(Note 2)*

Notes:

1. These Shares are registered in the name of Future Bright International Limited, the entire issued capital of which is owned by Mr. Guo. Under the SFO, Mr. Guo is deemed to be interested in all the Shares registered in the name of Future Bright International Limited.

2. These Shares are registered in the name of Easy Flourish Limited, the issued capital of which is owned as to 80% by Guangzhou Yicheng Investment Limited and 20% by Ms. Jiang Miner. The equity interest of Guangzhou Yicheng Investment Limited is owned as to 62.5% by Mr. Hu, 25% by Mr. Lu Yongliang and 12.5% by Mr. Chen Wei Ming. Under the SFO, Mr. Hu is deemed to be interested in all the Shares registered in the name of Easy Flourish Limited.

Save as disclosed above, none of the directors, nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2015.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, the following persons or corporations, other than the Directors or chief executives of the Company as disclosed above, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Name of Company	Capacity and nature of interest	Number of Shares	Approximate% shareholding
Future Bright International Limited *(Note 1)*	The Company	Beneficial owner	134,640,000	38.25
Easy Flourish Limited *(Note 2)*	The Company	Beneficial owner	129,360,000	36.75
Guangzhou Yicheng Investment Limited *(Note 2)*	The Company	Interest in controlled corporation	129,360,000	36.75

Notes:

1. This company is wholly-owned by Mr. Guo Xiao Ping.

2. These companies are controlled by Mr. Hu Jin Xiong.

All the interests stated above represent long positions. As at 30 June 2015, no short position were recorded in the register kept by the Company under Section 336 of the SFO.

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 interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2015.

On 23 July 2015, the Company has been notified by Future Bright International Limited and Easy Flourish Limited, the controlling shareholders of the Company, that they have entered into agreements for disposal of 28,160,000 shares and 21,120,000 shares of the Company respectively (representing approximately 8% and 6% of the existing issued share capital of the Company respectively) to third parties independent of the Company. Details of which has been disclosed in an announcement dated 23 July 2015. The disposals have been completed on 17 August 2015.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	Notes	For the six months ended 30 June 2015 RMB'000 (unaudited)	2014 RMB'000 (audited)
Revenue	4	**8,290**	–
Cost of sales		**(2,794)**	–
Gross profit		**5,496**	–
Other income and gains	4	**661**	7
Selling and distribution expenses		**(472)**	(351)
Administrative expenses		**(4,670)**	(4,241)
Other expenses		**(30)**	(16)
Finance costs	5	**(68)**	(93)
Profit/(loss) before tax	6	**917**	(4,694)
Income tax	7	**(820)**	720
Profit/(loss) for the period		**97**	(3,974)
Attributable to			
Owner of the parent	8	**97**	(3,974)
Profit/(loss) per share attributable to ordinary equity holders of the parent			
Basic and diluted			
– For profit/(loss) for the period (RMB cents)	8	**0.03**	(2.26)
Dividend		**Nil**	Nil

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Note	For the six months ended 30 June 2015 RMB'000 (unaudited)	2014 RMB'000 (audited)
Profit/(loss) for the period	8	**97**	(3,974)
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent period:			
Exchange differences on translation of foreign operations		**(33)**	1
Other comprehensive income/(loss) for the period, net of tax		**(33)**	1
Total comprehensive income/(loss) for the period attributable to owners of the parent		**64**	(3,973)
Attributable to:			
Owners of the parent		**64**	(3,973)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	Notes	**30 June 2015** *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment	10	**14,645**	14,638
Long-term prepayment	10	**416**	429
Intangible assets	10	**41,178**	42,233
Total non-current assets		**56,239**	57,300
Current assets			
Cash and cash equivalents		**44,394**	2,593
Trade receivables	11	**4,424**	–
Prepayments, deposits and other receivables	12	**812**	6,197
Inventories	13	**1,300**	657
Total current assets		**50,930**	9,447
Current liabilities			
Interest-bearing bank borrowing	14	**–**	525
Other payables and accruals	15	**1,886**	14,389
Total current liabilities		**1,886**	14,914
Net current assets/(liabilities)		**49,044**	(5,467)
Total assets less current liabilities		**105,283**	51,833

	Notes	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Non-current liabilities			
Interest-bearing bank borrowing	14	**–**	670
Deferred tax liabilities		**9,071**	8,251
Provision for rehabilitation	16	**940**	910
Total non-current liabilities		**10,011**	9,831
Net assets		**95,272**	42,002
Equity			
Equity attributable to owners of the parent			
Share capital	17	**2,782**	–
Reserves		**92,490**	42,002
Total equity		**95,272**	42,002

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Share capital RMB'000 (Note 17)	Share premium* RMB'000	Capital reserve* RMB'000	Contributed reserve* RMB'000	Safety fund Surplus reserve* RMB'000	Foreign currency translation reserve* RMB'000	Accumulated losses* RMB'000	Total equity RMB'000
At 1 January 2014	–	–	24,216	34,152	–	(184)	(11,819)	46,365
Loss for the period	–	–	–	–	–	–	(3,974)	(3,974)
Exchange differences on translation of foreign operations	–	–	–	–	–	1	–	1
Total comprehensive loss for the period	–	–	–	–	–	1	(3,974)	(3,973)
Issue of ordinary shares	–	7,941	–	–	–	–	–	7,941
At 30 June 2014 (audited)	–	7,941	24,216	34,152	–	(183)	(15,793)	50,333
At 1 January 2015	**-**	**7,941**	**24,216**	**34,152**	**9**	**(254)**	**(24,062)**	**42,002**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**97**	**97**
Establishment for safety fund surplus reserve	**-**	**-**	**-**	**-**	**16**	**-**	**(16)**	**-**
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**(33)**	**-**	**(33)**
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**-**	**16**	**(33)**	**81**	**64**
Issue of ordinary shares	**2,782**	**50,424**	**-**	**-**	**-**	**-**	**-**	**53,206**
At 30 June 2015 (unaudited)	**2,782**	**58,365**	**24,216**	**34,152**	**25**	**(287)**	**(23,981)**	**95,272**

* These reserve accounts comprise the consolidated reserves of RMB92,490,000 as at 30 June 2015 (31 December 2014: RMB42,002,000) in the interim condensed consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

		For the six months ended 30 June	
		2015	2014
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(audited)
Cash flows from operating activities			
Profit/(loss) before tax	6	**917**	(4,694)
Adjustments for:			
Depreciation of items of property, plant and equipment	10	**662**	303
Less: Depreciation capitalised		**–**	(264)
		662	39
Amortisation of a long-term prepayment	10	**13**	12
Amortisation of intangible assets	10	**1,055**	–
Loss on disposal of items of property, plant and equipment		**–**	3
Finance costs	5	**68**	93
		2,715	(4,547)
Increase in inventory	13	**(643)**	–
Increase in account receivables	11	**(4,424)**	–
Decrease/(increase) in prepayments, deposits and other receivables	12	**5,385**	(403)
Decrease in amounts due from related parties		**–**	1,659
Decrease in other payables and accruals		**(12,500)**	(649)
Increase in advance from customers		**–**	6,865
Decrease in amounts due to related parties		**–**	(424)
Net cash flows(used in)/ from operating activities		**(9,467)**	2,501
Cash flows from investing activities			
Purchase of items of property, plant and equipment	10	**(669)**	(2,397)

	Note	For the six months ended 30 June 2015 RMB'000 (unaudited)	2014 RMB'000 (audited)
Net cash flows used in investing activities		**(669)**	(2,397)
Cash flows from financing activities			
Contribution from shareholders		**53,206**	7,941
Repayment of bank loan	14	**(1,195)**	(237)
Interest paid		**(41)**	(66)
Net cash flows from financing activities		**51,970**	7,638
Net increase in cash and cash equivalents		**41,834**	7,742
Cash and cash equivalents at beginning of period		**2,593**	2,959
Effect of foreign exchange rate changes, net		**(33)**	1
Cash and cash equivalents at end of period		**44,394**	10,702
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**44,394**	10,702

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands. The registered office address of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is 16/F., Guangdong Finance Building, 88 Connaught Road West, 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 production and sale of marble and marble related products.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Future Bright International Limited, which is incorporated in the British Virgin Islands ("BVI").

2. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of Preparation

The unaudited interim condensed consolidated financial statements, which comprise the interim condensed consolidated statement of financial position of the Group as at 30 June 2015 and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (the "IASB").

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

2. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

2.2 New standards, interpretations and amendments 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 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2015, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

2. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

2.2 New standards, interpretations and amendments adopted by the Group (Continued)

Annual Improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 2 *Share-based Payment*

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

The above definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Group's accounting policies.

IFRS 3 *Business Combinations*

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

2. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

2.2 New standards, interpretations and amendments adopted by the Group (Continued)

IFRS 8 *Operating Segments*

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are "similar"

- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities

The amendment is not relevant for the Group as no judgements made by the management regarding to the "similar" business.

IAS 16 *Property, Plant and Equipment and IAS 38 Intangible Assets*

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

IAS 24 *Related Party Disclosures*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

2. BASIS OF PRESENTATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (CONTINUED)

2.2 New standards, interpretations and amendments adopted by the Group (Continued)

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 3 *Business Combinations*

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

The Group is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

IFRS 13 *Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

IAS 40 *Investment Property*

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group operates in one business unit based on its products, and has only one reportable operating segment which is the production and sale of marble and marble related products. The Group conducts its principal operation in Mainland China. Management monitors the operating results of its business unit for the purpose of making decisions about resources allocation and performance assessment.

Geographical information

The Group's revenue from external customers is derived solely from its operation in Mainland China, and no material non-current assets of the Group are located outside Mainland China.

Information about major customers

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

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Customer A	**2,951**	–
Customer B	**2,127**	–
Customer C	**1,231**	–
Customer D	**1,058**	–

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and gains from continuing operations is as follows:

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Revenue		
Sales of goods	**8,290**	–
Other income		
Foreign exchange gain	**388**	–
Rental income	**243**	–
Bank interest income	**25**	4
Others	**5**	3
	661	7

5. FINANCE COSTS

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Interest on bank borrowings	**37**	65
Interest on discounted provision for rehabilitation	**31**	28
	68	93

6. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Cost of inventories sold	**2,794**	–
Staff costs (including directors' emoluments):		
Wages and salaries	**2,271**	1,762
Pension scheme contributions	**254**	338
	2,525	2,100
Less: Staff costs capitalized	**–**	(1,043)
	2,525	1,057
Auditors' remuneration	**304**	1
Amortisation of intangible assets	**1,055**	–
Amortisation of a long-term prepayment	**13**	12
Depreciation of items of property, plant and equipment	**662**	303
Less: Depreciation capitalized	**–**	(264)
	662	39
Minimum lease payments under operating leases		
– Office	**438**	221
Loss on disposal of items of property, plant and equipment	**–**	3

7. 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 or earned in Hong Kong during the reporting period.

Provision for the PRC corporate income tax ("CIT") is based on the CIT rate applicable to the subsidiary located in Mainland China as determined in accordance with the relevant income tax rules and regulations of the PRC for the reporting period. The Group's subsidiary located in Mainland China is subject to the PRC CIT rate of 25% during the reporting period.

The major components of income tax benefit for the reporting period are as follows:

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Current – Mainland China/PRC CIT		
Charge for the period	**–**	–
Deferred	**820**	(720)
Total tax expense/(credit) for the period	**820**	(720)

8. PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic profit/(loss) per share amounts is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 352,000,000 (2014: 176,000,000) in issue during the period, as adjusted to reflect the rights issue during the period.

The calculation of the diluted profit/(loss) per share amounts is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic profit/(loss) per share amounts presented for the periods ended 30 June 2015 and 2014 in respect of a dilution as the impact of the warrants and convertible bonds outstanding had an anti-dilutive effect on the basic profit/(loss) per share amounts presented.

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

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Profit/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent	**97**	(3,974)

	Number of shares For the six months ended 30 June	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**352,000,000**	176,000,000

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

10. PROPERTY, PLANT AND EQUIPMENT, LONG-TERM PREPAYMENT AND INTANGIBLE ASSETS

Movements in property, plant and equipment, long-term prepayment and intangible assets during the six months ended 30 June 2015 are as follows:

	Property, Plant and equipment *RMB'000* **(unaudited)**	**Long-term prepayment** *RMB'000* **(unaudited)**	**Intangible assets** *RMB'000* **(unaudited)**
Carrying amount at 1 January 2015	**14,638**	**429**	**42,233**
Additions	**669**	**–**	**–**
Depreciation/amortization charged for the period	**(662)**	**(13)**	**(1,055)**
Carrying amount at 30 June 2015	**14,645**	**416**	**41,178**

Long-term prepayment represents the prepayment made to villagers for the use of parcels of forest land for mining activity at Yiduoyan marble mine.

Intangible assets represent fair value of the mining of marble reserves in Yiduoyan Marble Mine, which is located in Nanzhang county, Hubei Province, the PRC. The local government granted the mining permit for a term of 10 years from 30 December 2011 to 30 December 2021 with a production capacity of 20,000 cubic meters per annum.

11. TRADE RECEIVABLES

The Group's trading receivables increased from nil as of 31 December 2014 to approximately RMB4.42 million as of 30 June 2015. The increase was primarily due to a significant increase in revenue, credit terms of two months are granted to certain new customers.

The aging analysis of trade receivables, based on the invoice date, is as follows:

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 to 30 days	**3,662**	–
31 to 60 days	**762**	–
Total	**4,424**	–

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Deferred offering costs	**–**	6,078
Other receivables	**217**	52
Others	**595**	67
Total	**812**	6,197

Deferred listing fees represent legal and other professional fees relating to the initial public offering of the Company's shares and they have been deducted from equity when the Company completed the listing of the Company's shares on the Main Board of the Stock Exchange.

None of the above assets is either past due or impaired. The financial assets included in the above relate to receivables for which there was no recent history of default.

13. INVENTORIES

	30 June 2015 **RMB'000** **(unaudited)**	31 December 2014 *RMB'000* (audited)
Finished goods	**1,193**	551
Materials and supplies	**107**	106
Total	**1,300**	657

14. INTEREST-BEARING BANK BORROWING

	30 June 2015 **RMB'000** **(unaudited)**	31 December 2014 *RMB'000* (audited)
Bank loans, secured	**–**	1,195
Repayable within one year	**–**	525
Repayable in the second year	**–**	570
Repayable in the third to fifth years	**–**	100
Total	**–**	1,195

The Group's interest-bearing bank borrowing is a mortgage loan with annual interest rate of 30% higher than Loan Prime Rate issued by the People's Bank of China and repayable by instalments before 28 February 2017, which is secured by an excavation machinery. The Group paid off the loan during the reporting period.

15. OTHER PAYABLES AND ACCRUALS

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Payroll accruals	**856**	960
Interest payable	**–**	3
Other payables	**1,030**	13,426
Total	**1,886**	14,389

16. PROVISION FOR REHABILITATION

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
At the beginning of period	**910**	853
Additions	**–**	–
Unwinding of discount	**30**	57
At the end of period	**940**	910

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 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Authorised:		
8,000,000,000 (31 December 2014: 38,000,000) ordinary shares of HKD0.01 each	**64,000**	304
Issued and fully paid:		
352,000,000 (31 December 2014: 200) ordinary shares of HKD0.01 each	**2,782**	–

Authorised share capital:

Pursuant to the shareholders' resolution passed on 8 December 2014, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each to HK$80,000,000 divided into 8,000,000,000 ordinary shares of HK$0.01 each.

Issued and fully paid share capital:

	Number of ordinary shares	Nominal value of ordinary shares RMB'000
At 1 January 2015	200	–
Capitalisation of share premium account (a)	263,999,800	2,087
Issue of new shares (b)	88,000,000	695
At 30 June 2015	352,000,000	2,782

17. SHARE CAPITAL (CONTINUED)

(a) Pursuant to the shareholders' resolution passed on 8 December 2014, an aggregate of 263,999,800 shares of HK$0.01 each of the Company were allotted and issued, credited as fully paid at par, by way of capitalisation of a sum of RMB2,087,000 from the share premium account to the Company's shareholders on 9 January 2015.

(b) In connection with the Listing, 88,000,000 shares of HK$0.01 each were issued at a price of HK$0.88 per share for a total cash consideration of HK$77,440,000 (equivalent to approximately RMB61,952,000) before share issue expenses.

(c) The proceeds of HK$880,000 (equivalent to approximately RMB695,000), representing the par value, have been credited to the Company's share capital and the remaining proceeds of HK$76,560,000 (equivalent to approximately RMB61,248,000) have been credited to the share premium account.

18. RELATED PARTY TRANSACTION

(a) During the period ended 30 June 2015, the Group had no material transactions with related parties.

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

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Salaries, allowances and benefits in kind	**1,365**	609
Pension scheme contributions	**39**	80
	1,404	689

19. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for office properties are negotiated for terms ranging from one to four years. At the end of each reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within one year	**515**	78
In the second to fourth years, inclusive	**378**	290
	893	368

20. CAPITAL COMMITMENTS

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

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Authorised, but not contracted for	**37,214**	37,580
Contracted, but not provided for	**–**	–

21. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

30 June 2015
Financial assets

	Loans and receivables
	RMB'000
	(unaudited)
Trade receivables	**4,424**
Financial assets included in prepayments, deposits and other receivables	**217**
Cash and cash equivalents	**44,394**
	49,035

21. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities

	Financial liabilities at fair value through profit or loss *RMB'000* **(unaudited)**	**Financial liabilities at amortised cost** *RMB'000* **(unaudited)**	**Total** *RMB'000* **(unaudited)**
Financial liabilities included in other payables and accruals	**–**	**1,030**	**1,030**

31 December 2014

Financial assets

	Loans and receivables *RMB'000* (audited)
Financial assets included in prepayments, deposits and other receivables	52
Cash and cash equivalents	2,593
	2,645

Financial liabilities

	Financial liabilities at fair value through profit or loss *RMB'000* (audited)	Financial liabilities at amortised cost *RMB'000* (audited)	Total *RMB'000* (audited)
Financial liabilities included in other payables and accruals	–	13,429	13,429
Interest-bearing bank borrowing	–	1,195	1,195
	–	14,624	14,624

22. FAIR VALUE AND FAIR VALUE HIERARCHY

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

	Carrying amounts		Fair values	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)
Financial liabilities				
Interest-bearing bank borrowing	–	670	–	655

Except as detailed in the above table, management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, and the current portion of interest-bearing bank borrowing approximate to their carrying amounts largely due to the short-term maturities of these instrument.

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of financial liabilities included in the non-current portion of interest-bearing bank borrowing have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

23. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 26 August 2015.

Future Bright Mining Holdings Limited
高鵬礦業控股有限公司