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)

2017
ANNUAL REPORT 年報

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors
Liu Jie *(Chairperson)*
Chen Gang
Hu Guoan
Rao Dacheng
Wan Tat Wai David
Yang Xiaoqiu
Zhang Decong
Zheng Fengwei

Independent Non-Executive Directors
Chow Hiu Tung
Hu Minglong
Lai Kwok Leung
Lau Tai Chim

Alternate Director
Yuan Shan *(alternate director to Zhang Decong)*

COMPANY SECRETARY

Ho Yuk Ming Hugo

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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88 Connaught Road West
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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REGISTERED OFFICE

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KY1-1111
Cayman Islands

AUDIT COMMITTEE

Chow Hiu Tung *(Chairman)*
Hu Minglong
Lai Kwok Leung
Lau Tai Chim

NOMINATION COMMITTEE

Lau Tai Chim *(Chairman)*
Chow Hiu Tung
Hu Minglong
Lai Kwok Leung

REMUNERATION COMMITTEE

Lai Kwok Leung *(Chairman)*
Chow Hiu Tung
Hu Minglong
Lau Tai Chim

AUTHORISED REPRESENTATIVES

Ho Yuk Ming Hugo
Yang Xiaoqiu

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Company Limited

LEGAL ADVISER AS TO HONG KONG LAWS

King & Wood Mallesons

AUDITORS

Ernst & Young

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
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Wanchai, Hong Kong

WEBSITE

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

	2017 RMB'000	2016 RMB'000	Change
RESULTS			
Revenue	42,540	12,909	229.5%
Gross profit	9,930	9,104	9.1%
Loss before tax	(42,397)	(10,905)	288.8%
Income tax expense	(831)	(1,004)	(17.2%)
Loss for the year	(43,228)	(11,909)	263.0%
Loss attributable to owners of the Parent	(43,171)	(11,909)	262.5%
Basic and diluted loss per share	RMB1.16 cents	RMB0.34 cents	241.2%

	2017 RMB'000	2016 RMB'000	Change
KEY ITEMS IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Equity attributable to owners of the Parent	129,695	85,897	51.0%
Total assets	143,644	100,355	43.1%
Net assets per share	RMB0.035	RMB0.024	45.8%

	2017	2016	Change
OPERATION SUMMARY			
Marble blocks production volume (M^3)	4,912	1,712	186.9%
Marble blocks Sales volume (M^3)	6,485	4,134	56.9%
Marble blocks Average sale price, excluding VAT (RMB)	2,325	3,268	(28.9%)

CHAIRMAN'S STATEMENT

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Future Bright Mining Holdings Limited (the "**Company**" or "**Parent**"), I am pleased to submit the annual report ("**this report**") of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2017 (the "**Year**").

During the Year, the operating revenue of the Group was approximately RMB42.54 million, representing a significant increase of approximately 229.54% from approximately RMB12.91 million in the last year. The increase in revenue was mainly due to the increase in revenue generated from commodity trading during the Year. The loss attributable to owners of the Parent has been significantly increased to approximately RMB43.17 million for the Year (2016: loss of approximately RMB11.91 million) as a result of the increase in the operating costs such as staff costs including equity-settled share option expenses recognised during the Year.

During the Year, we have been focusing on the development of the Yiduoyan Project, which is an open pit mine located in Hubei Province of the People's Republic of China (the "**PRC**"). A total of 4,912 m^3 of marble blocks had already been produced and 6,485 m^3 of marble blocks had already been sold. Moreover, the Group has been actively exploring to enhance the variety of marble and marble-related products provided by the Group by acquiring companies that hold mining licenses for marble projects in the PRC.

Meanwhile, in order to diversify the existing business of the Group, apart from sale of marble blocks, the Group commenced its trading of commodities business. In the meantime, the Group has established three joint venture companies in Hong Kong and the PRC which are principally engaged in the wholesale of non-metallic ore, mineral products and construction materials and the retail sale of ceramic and stone decoration materials, the trading and processing of lithium ores, and the trading of non-ferrous metals ores in the PRC. We expect the new trading business will become one of the principal businesses of the Group and will contribute positively to the Group's overall results in the future. In addition, the Group acquired a company which is principally engaged in money lending business as a holder of the Money Lenders License under the Money Lenders Ordinance (Cap 163 of the Laws of Hong Kong). We expect the money lending business would generate reasonable interest income that serves as a steady source of cash flow for the Group.

We will continue to explore new investment opportunities around the PRC, hoping to further expand the Group's scale, widen its asset base and increase its profitability through mergers and acquisitions, with the aim to bring stable, long-term high returns to our shareholders.

In closing, on behalf of the Board, I would like to express my sincere gratitude to our shareholders and business partners for their continuous support and confidence in the Group. I must also thank our staff for their efforts and dedication. Our people are the backbone of our Group and the architects of our future.

Liu Jie
Chairperson

Hong Kong, 28 March 2018

FINANCIAL REVIEW

Revenue

During the Year, the Group's operating revenue was approximately RMB42.54 million, which represented a significant increase of approximately 229.54% as compared to the operating revenue of approximately RMB12.91 million for the year of 2016 (the "**FY2016**"). The increase in revenue was mainly due to the increase in revenue generated from commodity trading during the Year. In order to diversify the existing business of the Group, the Group commenced its trading of commodities business during the Year. The following table sets forth the breakdown of the Group's revenue by product categories for the Year:

	2017			2016		
	RMB'000	Percentage	Gross profit margin	RMB'000	Percentage	Gross profit margin
Marble blocks	15,079	35.45%	55.50%	12,909	100%	70.52%
Commodity trading	27,461	64.55%	5.68%	—	—	—
Total	42,540	100%	23.34%	12,909	100%	70.52%

Cost of Sales

The Group's cost of sales increased from approximately RMB3.81 million for FY2016 to approximately RMB32.61 million for the Year, representing a significant increase of approximately 757.03%. This was in line with higher sales recorded for the Year. The cost of sales represented costs of products purchased from third parties, which represented approximately 79.42% of the total cost of sales, and the marble blocks mining costs, which represented approximately 20.58% of the total cost of sales and mainly included mining labour costs, materials consumption, fuel, electricity, depreciation of production equipment and amortisation of mining rights.

Gross Profit and Gross Profit Margin

The gross profit of the Group amounted to approximately RMB9.93 million and the gross profit margin was approximately 23.34% for the Year, which represented a slight increase of approximately 9.07% as compared with gross profit for FY2016 of approximately RMB9.10 million (FY2016: gross profit margin of approximately 70.52%). The significant decrease in gross profit margin was mainly due to the sales of commodities which accounted for 64.55% of total sales, but with a lower gross profit margin which in turn lead to the decrease in average gross profit margin of the Group.

Other Income and Gains

Other income and gains for the Year were approximately RMB2.11 million, which represented a significant increase of approximately RMB1.57 million as compared to the other income and gains of approximately RMB0.54 million for the FY2016. The increase was mainly due to the foreign exchange gain of approximately RMB1.18 million during the Year (FY2016: foreign exchange loss of approximately RMB1.16 million) and the interest income generated from the money lending business in the Year amounted to approximately RMB0.50 million (FY2016: Nil). Other income and gains mainly comprised the interest income, the foreign exchange gain and rendering of services income during the Year.

Selling and Distribution Expenses

Selling and distribution expenses, which mainly consisted of salaries and wages of the Group's sales and distribution staff and their entertainment and travelling expenses, were approximately RMB2.25 million for the Year (FY2016: approximately RMB2.11 million), representing approximately 5.29% of the revenue for the Year (FY2016: approximately 16.33%).

Administrative Expenses
Administrative expenses significantly increased by approximately RMB32.59 million or 199.41% from approximately RMB16.34 million for the FY2016 to approximately RMB48.93 million for the Year. The increase was mainly due to the increase in staff costs including the equity-settled share option expenses of approximately RMB29.11 million during the Year. Administrative expenses mainly included the legal and professional fees, consultancy fees, rental and salaries of staff.

Other Expenses
Other expenses mainly included charitable donations and fair value losses of equity investments at fair value through profit or loss for the Year. Charitable donations made by the Group during the Year amounted to approximately HK$2.40 million (FY2016: HK$1.00 million). In addition, as at 31 December 2017, the Group had current equity investments at fair value through profit or loss of approximately RMB11.49 million which were investments in various listed shares. The Group recorded net fair value loss of the equity investments of approximately RMB1.07 million for the Year (FY2016: nil).

Loss Attributable to Owners of the Parent
In view of the above factors, loss attributable to owners of the Parent was approximately RMB43.17 million for the Year (FY2016: loss of approximately RMB11.91 million). The increase of loss was mainly attributable to the increase in the administrative expenses including the share option expenses during the Year.

Consolidated Statements of Financial Position of the Company
As at 31 December 2017, the Group had net current assets of approximately RMB80.19 million (as at 31 December 2016: net current assets of approximately RMB38.22 million) and total assets less current liabilities of approximately RMB140.56 million (as at 31 December 2016: approximately RMB96.89 million). The increase in net assets was mainly attributable to the net proceeds raised from the placement of shares of the Company during the Year.

MARKET REVIEW

In 2017, social and economic development in China encountered an important transformation period, as growth in national economy shifted from a fast pace to a moderately fast pace as the new norm. In line with the fact that the environmental awareness increased and the Chinese government continued to deepen environmental policies, marble blocks as part of the traditional resource-driven industry were somehow affected by the relevant governmental policies in 2017.

Currently, plastics, ceramic and other building materials, which are widely applied in the market, also enjoy certain market share among the merchants of building decors. However, marbles remain as the primary choice for building decor projects due to its uniquely natural strength. In particular, in line with booming building and decor businesses in the domestic market, marble products undoubtedly represent the primary choice for outdoor landscape designs and interior decors and renovation projects. Due to a growing market demand for various types and specifications of marble products, the marble industry should capitalise on the advantages of the clustering effects to improve its industrial and market position based on the requirements of the environmental ecosystem and sustainable development.

Looking into the future, we believe that the "Belt and Road" initiative represents a potential to drive global trading activities in the future, and may generate positive effects on the trading of commodities, which in return will create favorable market conditions for the industry of marble products in China.

BUSINESS REVIEW

Marble and Marble-related Business

During the Year, we have been focusing on the development of the Yiduoyan Project, which is an open pit mine located in Hubei Province of the People's Republic of China (the "**PRC**"). A total of 4,912 m^3 of marble blocks had already been produced and 6,485 m^3 of marble blocks had already been sold. Moreover, the Group has been actively exploring to enhance the variety of marble and marble-related products provided by the Group by acquiring companies that hold mining licenses for marble projects in the PRC. The Group entered into memorandum of understanding to acquire 51% equity interest in a company engaged in mining, processing and sales of marble, and provision of consultation on stone-related knowledge to private enterprises. The proposed acquisition enables the Group: (i) to enhance the variety of marble and marble-related products provided by the Group; and (ii) to leverage on the network and expertise of the management team under both companies with the view to facilitating the business of trading of marble-related products by the Group as a whole. The revenue generated from this business segment during the Year amounted to approximately RMB15.08 million.

We will increase product exposure and recognition through industry exchanges. In addition, we will be actively seeking new business opportunities from time to time and conduct selective acquisitions in order to diversify our business. We will strive to recruit more talents with extensive industry expertise to further enhance our competitiveness. Our vision is to become a well-known marble blocks supplier in the PRC.

Trading of Commodities Business

During the Year, apart from sale of marble blocks, we have been actively exploring other business opportunities in order to diversify the existing business of the Group. As disclosed in the announcement of the Company dated 23 May 2017, we commenced a new business segment on the trading of commodities which are mainly metal ore products and granite slabs and the revenue generated from commodity trading business in the year amounted to approximately RMB27.46 million. In the meantime, the Group has established three joint venture companies in Hong Kong and the PRC (details of which are set out in the announcements of the Company dated 5 April 2017 and 31 August 2017) which are principally engaged in the trading of commodities. We expect that the commodities trading business will become one of the principal businesses of the Group in the future.

Money Lending Business

During the Year, in order to diversify the existing business of the Group, the Group acquired a company which is principally engaged in money lending business as a holder of the Money Lenders License under the Money Lenders Ordinance (Cap 163 of the Laws of Hong Kong). We expect the money lending business would generate reasonable interest income that serves as a steady source of cash flow for the Group. The other income generated from this business segment during the Year amounted to approximately RMB0.50 million.

MAJOR EXPLORATION, DEVELOPMENT AND PRODUCTION ACTIVITIES

Mineral Exploration

We have completed the mineral exploration works before the Yiduoyan marble mine of the Company commenced commercial production on 1 September 2014.

For the Year, no further mineral exploration was carried out. As a result, there was no expenditure on mineral exploration.

Development

In March 2017, we provided all the staffs of the Company with pre-job training related to production safety and occupational health as well as work resumption training, and conducted assessment before work resumption. Those who failed in the assessment were retrained and took exams again. Moreover, all staff have undergone occupational health examination. As such, we further consummated the staff training and examination files and occupational health records. In April, we required all staffs to carry out self-examination and rectification on mining safety hazards, and carried on thorough inspection and maintenance for all production equipment to ensure that they operate safely in the production process; and we also screened, assessed and eliminated potential risks of the mine.

For the year ended 31 December 2017, the Group recorded safety production expenditure of approximately RMB61,700 with respect to the expansion of Yiduoyan marble mine, which mainly comprised the procurement and preparation of production safety signs in 2017, monthly distribution of labour protection supplies, regular education and training for production safety, expertise training for specialised operations, expenses for mining safety and rescue arrangement under agreement, education and training for occupational health, and training programs for safety management personnel.

The detailed classification of development expenditures is as follows:

	RMB'000
Production safety signs	8
Labour protection supplies	10
Education and training for production safety	20
Expertise training for specialised operations	5
Expenses for mining safety and rescue arrangement under agreement	5
Education and training for occupational health	2
Training programs for safety management personnel	5
Computers	6.7
	61.7

Mining Operation

During 2017, we carried out the destocking of marble block inventories of the mine. As at 31 December 2017, we had realised sales of 6,485 m^3 of marble blocks. In the first half of the year, we had conducted detailed inspection, testing and preparation works on 540, 532, 524 horizontal platforms respectively and two mining benches. During the Year, our Yiduoyan marble mine block production amounted to 4,912 m^3. It also laid a solid foundation for the commencement of mining in next year.

During the Year, the expenditure on mining activities of the Group was approximately RMB5,144,776. The expenditure of mining activities was approximately RMB1,047 per m^3 (2016: approximately RMB931 per m^3).

RESOURCE AND RESERVE

Our Yiduoyan Project is an open pit mine located in Hubei Province of the PRC. Currently, the Group holds the mining permit of the Yiduoyan Project with 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 dated 29 December 2014 (the "**Independent Technical Report**") prepared by SRK Consulting (Hong Kong) Limited set out in Appendix IV to the prospectus of the Company dated 29 December 2014 (the "**Prospectus**").

Yiduoyan Project's marble resource statement as at 31 December 2017

Resource Category	**White marble V-1** (million m^3)	**Grey marble V-2** (million m^3)	**Total** (million m^3)
Inferred	1.8	1.5	3.3
Indicated	5.5	1.8	7.3
Total	7.3	3.3	10.6

Yiduoyan Project's marble reserve statement as at 31 December 2017

Reserve Category	**White marble V-1** (million m^3)	**Grey marble V-2** (million m^3)	**Total** (million m^3)
Probable	0.86	0.04	0.90

Note:

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

(2) There was no material change in these estimates during the period from 30 June 2014 to 31 December 2017.

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

MAJOR ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 5 April 2017, Future Bright (H.K.) Investments Limited ("**Future Bright (H.K.)**"), an indirect wholly-owned subsidiary of the Company, entered into a joint venture agreement (the "**First Joint Venture Agreement**") with Xiamen Huan Shuo Trading Company Limited* (廈門環碩貿易有限公司) ("**Xiamen Huan Shuo**") in relation to the establishment of a joint venture company in Xiamen, Fujian Province, the PRC (the "**First JV Company**") with a registered capital of RMB23,000,000 to engage in the wholesale of non-metallic ore, mineral products and construction materials and the retail sale of ceramic and stone decoration materials. Pursuant to the terms of the First Joint Venture Agreement, Xiamen Huan Shuo and Future Bright (H.K.) will contribute RMB9,200,000 and an amount in United States dollars or Hong Kong dollars equivalent to RMB13,800,000 respectively to the registered capital of the First JV Company which will be owned as to 40% by Xiamen Huan Shuo and 60% by Future Bright (H.K.). Please refer to the Company's announcement dated 5 April 2017 for more details of this transaction.

* For identification purpose only

On 13 July 2017, GoGo Education Training (Shenzhen) Limited* (勾勾教育培訓（深圳）有限公司) was registered as a wholly-foreign-owned enterprise under PRC law in the PRC ("**GoGo Education**"). GoGo Education will have a registered capital of RMB5 million which is expected to be paid up by the Group's internal resources. GoGo Education is principally engaged in the operation of the platform for online language teaching services. Please refer to the Company's announcement dated 5 May 2017 for more details of this transaction.

On 26 July 2017, Gold Title Investment Limited, a direct wholly-owned subsidiary of the Company, entered into a share purchase agreement with Yi Feng Holding Group Limited to conditionally acquire 100% of the equity interest in Imperial Dragon Finance Limited (currently known as Future Bright Finance Limited) at a consideration of approximately HK$7,240,000 in cash. For details, please refer to the announcements of the Company dated 26 July 2017 and 17 October 2017.

On 31 August 2017, Future Bright (H.K.) entered into a joint venture agreement with Zhong Xi Int'l Holding Limited ("**Zhong Xi**") and Super Vision Development Co., Ltd. ("**Super Vision**") (the "**Second Joint Venture Agreement**") to establish a JV company (the "**Second JV Company**"). The total issued share capital of the Second JV Company shall be HK$10,000,000. Pursuant to the Second Joint Venture Agreement, Future Bright (H.K.), Zhong Xi and Super Vision shall contribute HK$5,100,000, HK$1,500,000 and HK$3,400,000 respectively in cash and shall hold the equity interests in the Second JV Company as to 51%, 15% and 34% respectively. For details, please refer to the announcement of the Company dated 31 August 2017.

On 31 August 2017, Future Bright (H.K.) entered into a joint venture agreement with China Africa Minerals Limited (the "**Third Joint Venture Agreement**") to establish a JV company (the "**Third JV Company**"). The total issued share capital of the Third JV Company shall be HK$10,000,000. Pursuant to the Third Joint Venture Agreement, Future Bright (H.K.) and China Africa Minerals Limited shall contribute HK$5,100,000 and HK$4,900,000 in cash and shall hold the equity interests in the Third JV Company as to 51% and 49% respectively. For details, please refer to the announcement of the Company dated 31 August 2017.

On 15 November 2017, Xiangyang Future Bright Mining Limited* (襄陽高鵬礦業有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding in connection with the proposed acquisition of 51% equity interest in Jiangxi Yi Wang Mining Company Limited* (江西億旺礦業有限公司) ("**Target Company**"). The Target Company is a limited liability company established in the PRC on 2 March 2009 with registered capital of RMB10 million and with 150,000 m^2 of stone processing base and 0.474 km^2 of marble mines, and is engaged in mining, processing and sales of marble, and provision of consultation on stone-related knowledge to private enterprises in the PRC. The terms of the proposed acquisition are subject to further negotiation and the signing of a formal sale and purchase agreement within 180 days after the date of the memorandum of understanding or such longer period as extended by mutual agreement between the parties. For details, please refer to the Company's announcements dated 15 November 2017.

Save as disclosed above, there were no material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the Year.

PRINCIPAL RISKS AND UNCERTAINTIES

Limited operating history

The Yiduoyan Project is still in a development stage where full-scale site construction is currently taking place. Our limited operating history makes the evaluation of our business and prediction of our future operating results and prospects difficult.

As a developing mining company with a limited operating history, we cannot guarantee that we will generate revenue and grow our business as planned.

* For identification purpose only

Single mining project
We have only one mining project, the Yiduoyan Project. We expect the Yiduoyan Project to be our only operating mine in the near term upon which we will depend on for the majority of our operating revenue and cash flows. The Yiduoyan Project is in a development stage where full-scale site construction is currently taking place, and its operations are subject to a number of operating risks and hazards as described below. As such, the resources of the Yiduoyan Project may not ultimately be extracted at a profit. If we fail to derive the expected economic benefits from the Yiduoyan Project due to any delay or difficulty in its development, the occurrence of any event that causes it to operate at less-than-optimal capacity or any other negative development as described below, our business, financial condition and results of operations could be materially and adversely affected.

Inherently high-risk industry
The mining industry in which we operate inherently has a high level of risk. The risk we face is an accumulated risk due to factors such as the nature of the ore body and surrounding rock, colour variation, quality variation, natural disasters, environmental, geotechnical and hydrological risks, health and safety and variations such as joints and fractures that may affect mining and processing.

Marble volume estimations are not exact calculations of the actual physical marble units but are rather an analysis of the returned results from drill core samples. In this respect, even if the sampling density is high, the sample population is still very small compared with the mass of the entire deposit. Therefore, any estimation of resource and reserve based on this sample data will have inherent errors. The final or actual mined volume may not precisely match the estimated results. In particular, in the Yiduoyan Project, the benches have provided a limited amount of information on colour and texture. Similarly, error factors exist in any calculations of capital and operating costs for the development phase of the Yiduoyan Project, as not all the parameters affecting these estimates can be accurately defined or valued for future events. Mining operation incomes are also affected by the variations of the price of marble, transport costs, fluctuations in the construction industry and other market instabilities.

Should we fail to manage the above risks or should any of the foregoing inherent risk materialise, our operation may be disrupted and we may be unable to bring the Yiduoyan Project into full-scale commercial production. In such case, our business and results of operations could be materially and adversely affected.

Limited number of customers
A limited number of customers have, historically, consistently accounted for a significant portion of our revenues. Accordingly, our success will depend on our continued ability to develop and manage relationships with significant customers, and we expect that the majority of our revenues will continue to depend on sales of our products to a limited number of customers for the foreseeable future. In the event that any of these customers are to substantially reduce the quantity of their purchase order notwithstanding the minimum quantity they are obliged to purchase or to terminate their business relation with us entirely, our business and results of operations may be materially and adversely affected if we are unable to find substitute customers in a timely manner.

Operating risks and hazards
Our mining operations are subject to a number of operating risks and hazards, some of which are beyond our control. These operating risks and hazards include: (i) unexpected maintenance or technical problems; (ii) interruptions to our mining operations due to unfavourable weather conditions and natural disasters (such as earthquakes, floods and landslides); (iii) accidents; (iv) electricity or water supplies interruptions; (v) critical equipment failures in our mining operations; and (vi) unusual or unexpected variations in the mine and geological or mining conditions, such as instability of the slopes and subsidence of the working areas. These risks and hazards may result in personal injury, damage to, or destruction of production facilities, environmental damages and could temporarily disrupt our operations and damage our business reputation.

Any disruption for a sustained period to the operations of our mine or production facilities may have a material adverse effect on our business, financial condition and results of operations.

For more details about the general risks and uncertainties facing the Group, please refer to the Prospectus.

In order to minimise the risk of exposure to market dynamic, we will seek to:

(i) broaden our potential customer base so that even if any of our existing customers are to terminate the sales contract, we can obtain orders from other potential customers to replace any such lost sales on comparable terms; and

(ii) lower production rate in response to possible weakening of market demand in order to minimise our risk of exposure to market dynamic.

FUTURE PROSPECTS AND DEVELOPMENT

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

Develop the Yiduoyan Project

We will continue to develop the Yiduoyan Project. However, in view of the slowdown in economic growth in the PRC, the Company has been slowing down the pace of development of the Yiduoyan Project. The Company did not carry out any exploration activities during the Year and up to the date of this report.

Develop product recognition

We believe that recognition of our marble block products among industry professionals is critical to our development and success. As such, we intend to increase exposure of our marble block products in selected trade and other high-end decorative surfacing stone magazines, as well as attend 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 products, we plan to market our marble block products for use in landmark construction projects, such as high-end hotels and major commercial buildings, where our marble block products can be prominently displayed and showcased. In doing so, we believe that we will be able to keep abreast of the 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 and reserve through further and selective acquisitions

As part of our future plans for acquisitive growth, we plan to continue to carefully evaluate and identify selective acquisition opportunities. In the long run, we intend to increase our marble resource and reserve further through the acquisition of additional mining permit of marble projects in the PRC.

Develop the commodities trading business

We believe that the trading of commodities will enable the Group to expand its business portfolio, diversify its income source and possibly enhance its financial performance.

Money lending business

We believe that the money lending business would generate reasonable interest income that serves as a steady source of cash flow for the Group.

SEGMENT INFORMATION

Particulars of the Group's segment information are set out in note 4 to the financial statements of this report.

LIQUIDITY, CAPITAL RESOURCES AND GEARING RATIO

During the Year, the Group's liquidity funds were primarily used to invest in the development of our mine and for its operations and such funds were funded by a combination of capital contribution by shareholders as well as cash generated from operation.

As at 31 December 2017, the Group had cash and cash equivalents of approximately RMB19.27 million which were denominated in Hong Kong dollars and Renminbi (2016: approximately RMB22.64 million).

On 26 January 2017, Kingston Securities Limited as the placing agent ("**Kingston**") and the Company entered into a placing agreement (the "**First Placing Agreement**") pursuant to which the Company has conditionally agreed to place through Kingston, on a best effort basis, up to 176,000,000 ordinary shares (the "**First Placing Shares**") at the placing price of HK$0.205 per First Placing Share (the "**First Placing**"). The completion of the First Placing took place on 16 February 2017. A total of 170,000,000 of the First Placing Shares had been successfully placed and issued under the general mandate granted to the Directors by resolution of the shareholders of the Company ("**Shareholders**") passed at the annual general meeting of the Company held on 7 June 2016. The gross proceeds and net proceeds from the Placing amounted to approximately HK$35 million and HK$34 million respectively. The Company intends to apply the net proceeds in the following manner: (1) approximately HK$24 million for building a processing plant to produce slabs to add value to marble and provide greater flexibility in accessing markets; and (2) approximately HK$10 million for the general working capital of the Group. Details of the First Placing Agreement were set out in the announcements of the Company dated 26 January 2017 and 16 February 2017.

On 4 August 2017, Kingston and the Company entered into a placing agreement (the "**Second Placing Agreement**") pursuant to which the Company has conditionally agreed to place through Kingston, on a best effort basis, up to 180,000,000 ordinary shares (the "**Second Placing Shares**") at the placing price of HK$0.210 per Second Placing Share (the "**Second Placing**"). The completion of the Second Placing took place on 18 August 2017. A total of 180,000,000 of the Second Placing Shares had been successfully placed and issued under the general mandate granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 8 June 2017. The gross proceeds and net proceeds from the Second Placing amounted to approximately HK$37.8 million and HK$36.6 million respectively. The Board intends to apply the net proceeds in the following manner: (i) approximately HK$12 million for the possible formation of the two joint venture companies and (ii) approximately HK$24.6 million for replenishing the general working capital of the Group. Details of the Second Placing Agreement were set out in the announcements of the Company dated 4 August 2017 and 18 August 2017.

The Group had no borrowings as at 31 December 2017, therefore the gearing ratio (defined as long term debt divided by total shareholder's equity) is not applicable. The current ratio of the Group as at 31 December 2017 was about 26.97 times as compared to 12.03 times as at 31 December 2016, based on current assets of approximately RMB83.28 million (as at 31 December 2016: approximately RMB41.68 million) and current liabilities of approximately RMB3.09 million (as at 31 December 2016: approximately RMB3.46 million).

CAPITAL STRUCTURE

During the Year, the changes of share capital structure of the Company were as follows:

On 16 February 2017, a total of 170,000,000 new shares of the Company had been successfully placed by the placing agent to not less than six placees at the placing price of HK$0.205 per placing share under the general mandate granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 7 June 2016. Upon the completion of the aforesaid placing of new shares, the total number of issued shares was increased from 3,520,000,000 shares to 3,690,000,000.

On 18 August 2017, a total of 180,000,000 new shares of the Company had been successfully placed by the placing agent to not less than six placees at the placing price of HK$0.210 per placing share under the general mandate granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 8 June 2017. Upon the completion of the aforesaid placing of new shares, the total number of issued shares was increased from 3,690,000,000 shares to 3,870,000,000.

EMPLOYEES

As at 31 December 2017, the Group employed a total of 46 full time employees in Hong Kong and the PRC. The total staff costs (including directors' emoluments) were approximately RMB37.48 million including share option expenses of RMB29.11 million for the Year.

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. Share options may also be granted to eligible employees.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2017, the Group had authorised, but not contracted for capital commitments of approximately RMB28 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 31 December 2017.

CHARGES ON GROUP ASSETS

The Group had no charges on the Group's assets as at 31 December 2017.

SIGNIFICANT INVESTMENTS HELD

Except for investments in the subsidiaries of the Company, the Group did not hold any significant investments during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital asset as at 31 December 2017.

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 Year. During the Year, 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 currency risks arising from the fluctuations in exchange rates at reasonable costs.

Sound corporate governance practices are crucial to the smooth, effective and transparent operation of a company and its ability to attract investment, and can protect the rights of shareholders and enhance the value to shareholders. The Company is committed to maintaining good corporate governance standard and procedures to ensure the integrity, transparency and accountability to our shareholders. This Corporate Government Report is prepared in compliance with the reporting requirements as contained in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and to enhance the corporate value, accountability and transparency of the Company. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Listing Rules. Except for the deviations from code provisions A.4.1 of the CG Code as explained below, the Company had complied with the applicable code provisions of the CG Code during the Year. The Company will continue to enhance its corporate governance practices appropriate to the operation and growth of its business.

According to code provision A.4.1 of the CG Code, non-executive Directors should be appointed for specific term, subject to re-election. Except for Mr. Hu Minglong who is appointed for a specific term of three years, the other independent non-executive Directors 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 (the "**Articles**").

The term of appointment of non-executive directors has been disclosed in the section headed "Directors and Directors' Service Contracts" in the report of directors of this report.

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, saved as disclosed below, confirmed that they have complied with the required standard set out in the Model Code during the Year.

According to code provision A.3(a) of the Model Code, a Director must not deal in any securities of the Company on any day on which its financial results are published and during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results. An executive Director, Mr. Hu Guoan, during the period from 22 January 2018 to 27 February 2018, had dealt in the securities of the Company which was in contravention of code provision A.3(a) of the Model Code.

According to code provision B.8 of the Model Code, a director must not deal in any securities of the issuer without first notifying in writing the chairman or a director (otherwise than himself) designated by the board for the specific purpose and receiving a dated written acknowledgement. An executive Director, Mr. Hu Guoan, during the period from 7 December 2017 to 27 February 2018, had dealt in the securities of the Company without first notifying the chairman and receiving a dated written acknowledgement.

BOARD OF DIRECTORS

Composition

During the Year and as of the date of this report, the composition of the Board is set out as follow:

Board Members	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee
Ms. Liu Jie *(appointed on 9 May 2017)*	Chairperson and Executive Director			
Mr. Chen Gang *(appointed on 8 February 2018)*	Executive Director			
Ms. Lee Suk Fong *(resigned on 9 May 2017)*	Executive Director			
Mr. Hu Guoan *(appointed on 30 October 2017)*	Executive Director			
Mr. Rao Dacheng *(appointed on 9 May 2017)*	Executive Director			
Mr. Wan Tat Wai David	Executive Director			
Ms. Yang Xiaoqiu *(appointed on 8 February 2018)*	Executive Director			
Mr. Zheng Fengwei	Executive Director			
Mr. Zhang Decong	Executive Director			
Mr. Yuan Shan (alternate director to Mr. Zhang Decong)	Executive Director			
Mr. Chow Hiu Tung	Independent Non-executive Director	Chairman	Member	Member
Mr. Hu Minglong *(appointed on 8 February 2018)*	Independent Non-executive Director	Member	Member	Member
Mr. Lai Kwok Leung *(appointed on 18 August 2017)*	Independent Non-executive Director	Member	Chairman	Member
Mr. Lau Tai Chim	Independent Non-executive Director	Member	Member	Chairman
Mr. Sin Ka King *(resigned on 17 August 2017)*	Independent Non-executive Director	Member	Chairman	Member
Mr. Tsang Hing Hung *(retired on 8 June 2017)*	Independent Non-executive Director	Chairman	Chairman	Chairman

Two additional executive Directors, namely Ms. Yang Xiaoqiu and Mr. Chen Gang, and one additional independent non-executive Director, namely Mr. Hu Minglong, were appointed on 8 February 2018.

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed on pages 41 to 43 of this report. Save as disclosed therein, there are no financial, business, family or other material or relevant relationships among members of the Board.

During the Year, the Board has at all times met the requirements of Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive directors (representing at least one-third of the Board), with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

Each independent non-executive Director has, pursuant to Rule 3.13 of the Listing Rules, confirmed that he is independent of the Company and the Company also considers that they are independent within the meaning of the Listing Rules.

Function

The Board, led by the Chairman, is responsible for formulation and approval of the Group's overall development and business strategies, key operational proposals, financial control procedures, material acquisition and disposal of investments, major funding decisions, financial announcements and reporting, share issuance and repurchase, nomination of directors, appointment and remuneration of key management personnel, related party transactions, ensuring human and financial resources are appropriately applied, the periodic evaluation of the performance for the achievement of results and monitoring of significant transactions to ensure they are conducted in accordance with the Articles, Listing Rules and other applicable laws and regulations.

The executive Directors are responsible for the day-to-day management of the Group's operations. These executive Directors conduct regular meetings with the senior management of the Group, at which operational issues and financial performance of the Group are evaluated.

The Articles contain description of responsibilities and operation procedures of the Board. The Board holds regular meeting to discuss and consider significant matters relating to existing operations and proposals of new operations and projects.

The chairman of the Board ensures that Board meetings are being held whenever necessary. Though the chairman is responsible for setting the Board meeting's agenda, all Board members are encouraged to participate to include matters in the agenda. The Board conducts meetings on a regular basis and extra meetings are convened when circumstances require. The Articles allow a Board meeting to be conducted by way of a tele-conference.

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies and practices on corporate governance, the training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements.

There were twenty five Board meetings being held during the Year and the attendance of individual Directors is as follows:

	Board Meetings
Executive Directors:	
Hu Guoan *(appointed on 30 October 2017)*	0/25
Lee Suk Fong *(resigned on 9 May 2017)*	10/25
Liu Jie *(appointed on 9 May 2017)*	12/25
Rao Dacheng *(appointed on 9 May 2017)*	9/25
Wan Tat Wai David	22/25
Zheng Fengwei	23/25
Zhang Decong	19/25
Yuan Shan *(alternate Director to Zhang Decong)*	0/25
Independent Non-executive Directors:	
Chow Hiu Tung	24/25
Lai Kwok Leung *(appointed on 18 August 2017)*	6/25
Lau Tai Chim	22/25
Sin Ka King *(resigned on 17 August 2017)*	14/25
Tsang Hing Hung *(retired on 8 June 2017)*	7/25

The attendance record of individual Directors of the annual general meeting held on 8 June 2017 ("**AGM**") are set out below:

	AGM
Executive Directors:	
Hu Guoan *(appointed on 30 October 2017)*	N/A
Lee Suk Fong *(resigned on 9 May 2017)*	N/A
Liu Jie *(appointed on 9 May 2017)*	1/1
Rao Dacheng *(appointed on 9 May 2017)*	1/1
Wan Tat Wai David	1/1
Zheng Fengwei *(appointed on 8 December 2016)*	0/1
Zhang Decong	0/1
Yuan Shan *(alternate Director to Zhang Decong)*	0/1
Independent Non-executive Directors:	
Chow Hiu Tung	1/1
Lai Kwok Leung *(appointed on 18 August 2017)*	N/A
Lau Tai Chim	1/1
Sin Ka King *(resigned on 17 August 2017)*	0/1
Tsang Hing Hung *(retired on 8 June 2017)*	1/1

Training and Support for Directors

During the Year, all the Directors have been kept abreast of their responsibilities as a Director and of the conduct, business activities and development of the Group.

Each newly appointed Director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Such induction is normally supplemented with visits to the Group's key business sites and/or meetings with the senior management of the Company.

Under code provision A.6.5 of the CG Code, all Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally facilitated briefings for the Directors will be arranged and reading materials on relevant topics will be issued to the Directors where appropriate. All the Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Year, the Company had provided reading materials on corporate governance, directors' duties and responsibilities and regulatory update on the Listing Rules amendments to all the Directors for their reference and study.

The individual training record of each Director received for the Year is summarised below:

Name of director	Attending seminar(s)/ programme(s)/conference(s) relevant to the business or directors' duties	Reading materials
Executive Directors:		
Lee Suk Fong *(resigned on 9 May 2017)*		√
Liu Jie *(appointed on 9 May 2017)*	√	√
Hu Guoan *(appointed on 30 October 2017)*		√
Rao Dacheng *(appointed on 9 May 2017)*	√	√
Wan Tat Wai David	√	√
Zheng Fengwei	√	√
Zhang Decong		√
Yuan Shan *(alternate Director to Zhang Decong)*		√
Independent Non-executive Directors:		
Chow Hiu Tung	√	√
Lai Kwok Leung *(appointed on 18 August 2017)*		√
Lau Tai Chim	√	√
Sin Ka King *(resigned on 17 August 2017)*		√
Tsang Hing Hung *(retired on 8 June 2017)*	√	√

Responsibilities

The overall management of the Group's operation is rested in the Board. Their responsibilities include, among other things, (1) convening regular Board meetings focusing on business strategy, operational issues and financial performance of the Group; (2) monitoring the quality, timeliness, relevance and reliability of internal and external reporting of the Group; (3) monitoring and managing potential conflicts of interest of management, Board members and shareholders, including misuse of corporate assets and abuse in connected transaction; and (4) ensuring processes are in place to maintain the overall integrity of the Group, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all applicable laws and regulations. The management is delegated with the authority and responsibility by the Board for the daily business operations and administrative functions of the Group.

Director's Responsibilities for the Financial Statement

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group and to ensure that the financial statements of the Group will give a true and fair view of the Group's state of affairs, results and cash flow and are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Group. In preparing the financial statements of the Group for the Year, the Directors have, among other things:

- selected suitable accounting policies and applied them consistently;
- approved adoption of all Hong Kong Financial Reporting Standards which are in conformity with the International Financial Reporting Standards; and
- made judgments and estimates that are prudent and reasonable; and have prepared the consolidated financial statements on the going concern basis.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Delegation by the Board

The Board has established Board committees, namely audit committee, remuneration committee and nomination committee to oversee particular aspects of the Company's affairs and to assist in sharing the Board's responsibilities. All the Board committees have clear written terms of reference and have to report to the Board regularly on their decisions and recommendations. The day-to-day running of the Group, including implementation of the strategies and plans adopted by the Board and its committees, is delegated to the management with divisional heads responsible for different aspects of the business.

Audit Committee

The audit committee of the Board (the "**Audit Committee**") was set up on 8 December 2014 with written terms of reference, which was amended and revised on 10 December 2015 and 25 August 2016, in accordance with the requirements of the Listing Rules. The Audit Committee consists of all the independent non-executive Directors, namely Mr. Chow Hiu Tung, Mr. Lau Tai Chim, Mr. Hu Minglong and Mr. Lai Kwok Leung. It is chaired by Mr. Chow Hiu Tung.

The Audit Committee reports directly to the Board and reviews the matters relating to the relationship with the external auditors, financial information of the Company, financial reporting system, risk management and internal control systems. The Audit Committee meets with the Company's external auditors to ensure the objectivity and credibility of financial reporting and internal control procedures as well as to maintain an appropriate relationship with the external auditors of the Company. The terms of reference of the Audit Committee are available on the Company's website and on the website of the Stock Exchange.

The Audit Committee shall meet at least four times a year. There are four Audit Committee's meetings being held during the Year. The individual attendance of each member is as follows:

Chow Hiu Tung *(chairman)*	4/4
Lai Kwok Leung *(appointed on 18 August 2017)*	2/4
Lau Tai Chim	4/4
Sin Ka King *(resigned on 17 August 2017)*	2/4
Tsang Hing Hung *(retired on 8 June 2017)*	2/4

The members of the Audit Committee have full access to and co-operation from the management of the Group and they have full discretion to invite any Director or executive to attend the meeting. The Audit Committee had performed, among other things, the following functions during the Year: (1) reviewed external auditors' audit report and matters incidental thereto; (2) discussed the internal control system and risk management; and (3) reviewed the periodic financial statements of the Company and made recommendation to the Board for approval.

The Audit Committee had, amongst other things, reviewed the audited results of the Group for the Year and this report.

Remuneration Committee

The remuneration committee of the Board (the "**Remuneration Committee**") was set up on 8 December 2014 with written terms of reference in compliance with the Listing Rules to review the remuneration package, performance-based remuneration and termination compensation of the Directors and senior management of the Group. The Remuneration Committee consists of all the independent non-executive Directors, namely Mr. Lai Kwok Leung, Mr. Chow Hiu Tung, Mr. Hu Minglong and Mr. Lau Tai Chim. It is chaired by Mr. Lai Kwok Leung.

The major responsibilities of the Remuneration Committee are to make recommendation to the Board on the Company's policy and structure for remuneration of the Directors and senior management, to determine remuneration packages of all executive Directors and senior management including benefits in kind, pension rights and compensation payments. The Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management. The terms of reference of the Remuneration Committee are available on the Company's website and on the website of the Stock Exchange.

The Remuneration Committee shall meet at least once a year. There are five Remuneration Committee's meetings being held during the Year. The individual attendance of each member is as follows:

Lai Kwok Leung *(chairman) (appointed on 18 August 2017)*	2/5
Chow Hiu Tung	5/5
Lau Tai Chim	5/5
Sin Ka King *(resigned on 17 August 2017)*	2/5
Tsang Hing Hung *(retired on 8 June 2017)*	1/5

At the meetings held during the Year, the Remuneration Committee had, among other things, reviewed and discussed the remuneration policy, the remuneration package and bonus arrangements.

Nomination Committee

The nomination committee of the Board (the "**Nomination Committee**") was set up on 8 December 2014 with written terms of reference in accordance with the requirements of the Listing Rules. The Nomination Committee consists of all the independent non-executive Directors, namely Mr. Lau Tai Chim, Mr. Chow Hiu Tung, Mr. Hu Minglong and Mr. Lai Kwok Leung. It is chaired by Mr. Lau Tai Chim.

The Nomination Committee is responsible for, among other things, the nomination of the Directors, reviewing the structure of the Board, number of Directors and the composition of the Board and the Company's Board diversity policy. To maintain high quality of the Board with a balance of skill and experience, the Nomination Committee will identify individuals who fulfill the designated criteria of the Company. When assessing the quality of the individual, the Nomination Committee makes reference to his experience, qualification, integrity and other relevant factors. The terms of reference of the Nomination Committee are available on the Company's website and on the website of the Stock Exchange.

There are four Nomination Committee's meetings being held during the Year. The individual attendance of each member is as follows:

Lau Tai Chim *(chairman)*	4/4
Chow Hiu Tung	4/4
Lai Kwok Leung *(appointed on 18 August 2017)*	1/4
Sin Ka King *(resigned on 17 August 2017)*	2/4
Tsang Hing Hung *(retired on 8 June 2017)*	1/4

At the meetings held during the Year, the Nomination Committee had, among other things: (1) reviewed the structure, size and composition of the Board; (2) reviewed the Company's Board diversity policy; (3) discussed the casual vacancies arising from resignation of Directors during the Year; and (4) assessed the independence of independent non-executive Directors.

Board Diversity Policy

The Board has adopted a Board diversity policy which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

Selection of candidates will be based on a range of diversity perspectives as stated above. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As at the date of this report, the Board comprises twelve Directors and one alternate Director. Four of the Directors are independent non-executive Directors and independent of the management of the Group, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of professional background or skills.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge and understand their responsibility for preparing the financial statements and to ensure that the financial statements of the Group are prepared in a manner which reflects the true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required under the Listing Rules.

The statement of the external auditors of the Company, Messrs. Ernst & Young, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 73 to 77.

REMUNERATION OF EXTERNAL AUDITOR

During the Year, remuneration paid to the Company's auditors, Messrs Ernst & Young, was as follows:

Services rendered:	RMB'000
— audit services	1,155
— non-audit service	40

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the auditors during the Year.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for maintaining adequate system of internal controls and risk management within the Group and for reviewing their effectiveness. The systems of internal controls and risk management are designed to facilitate effective and efficient operations, to safeguard assets and to ensure the quality of internal and external reporting and compliance with applicable laws and regulations. They are also designed to provide reasonable, but not absolute, assurance that material misstatement or loss can be avoided, and to manage and minimise risks of failure in operation systems. The Company is committed to implementing a stricter and more regulated internal control and risk management procedures in the new financial year.

In the future, the Group will conduct regular review of the Group's internal control and risk management systems and its effectiveness to ensure the interest of shareholders is safeguarded.

During the Year, the Group did not have an internal audit function but had appointed an external consultant to review the material controls of the Group on a continuous basis and aims to cover all major operations of the Group on a cyclical basis. The Board, through the Audit Committee, reviewed the appraisal performed by the external consultant on the Company's risk management and internal control systems. Based on information furnished to it and its own observations, the Board is satisfied that the present internal control and risk management systems of the Group are effective and adequate in all material respects.

INSIDE INFORMATION

The Board is responsible for ensuring the Group's compliance with its disclosure obligations regarding inside information, and has appointed a disclosure group with specific designated duties to assist it in, among other things, overseeing and coordinating the disclosure of inside information. The procedures and internal controls for the handling and dissemination of inside information are given in a policy (the "**PSI Policy**') that was adopted by the Company to ensure that it is able to meet relevant obligations under Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**"). The PSI Policy applies to the directors, officers and employees of the Group.

Under the PSI Policy, the Company must disclose inside information to the public by way of an announcement as soon as reasonably practicable unless the information falls within any of the safe harbours described under the SFO. Any director, officer or employee who becomes aware of a matter, development or event that he or she considers to be, or potentially to be, inside information shall report it promptly to the disclosure group. Before the relevant information is fully disclosed to the public, the disclosure group should take reasonable precautions to ensure that the information is kept strictly confidential. Where it is believed that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the information should be disclosed immediately to the public. If the disclosure group needs time to clarify the details of, and the impact arising from, an event or a set of circumstances before it is in a position to issue a full announcement to properly inform the public, the disclosure group should consider issuing a "holding announcement" which details as much ascertainable information of the subject matter as possible and sets out the reasons why a fuller announcement cannot be made. Following a holding announcement, the disclosure group should ensure that a full announcement is made as soon as reasonably practicable. In the event that confidentiality has not been maintained and it is not able to make a full announcement or a holding announcement, the disclosure group should consider applying for a suspension of trading in the Company's securities, subject to approval of the board, until disclosure can be made. All inside information-related announcements must be properly approved by the board before publication, and all unpublished inside information must be kept in strict confidence until a formal announcement is made. The disclosure group must further ensure that access to unpublished inside information is given only to employees on a "need-to-know" basis for discharging their duties. Apart from reporting to the disclosure group, every director, officer or employee who possesses or has been given access to unpublished inside information must not disclose, discuss or share such information to or with any other parties within or outside the Group. The PSI Policy also sets out the criteria for advance disclosure of inside information to certain categories of people as may be necessary in the circumstances. In this case, the disclosure group should monitor the situation so that disclosure may be made as soon as reasonably practicable if there is any leakage of information. Directors, officers and employees must refrain from dealing in the shares of the Company at any time when they are in possession of unpublished inside information. Securities dealings are governed by securities codes applicable to relevant employees and directors.

SENIOR MANAGEMENT'S REMUNERATION

The senior management's remuneration payment of the Group for the year ended 31 December 2017 falls within the following bands:

	Number of individuals
HK$ Nil to HK$1,000,000	—
HK$1,000,001 to HK$1,500,000	2
	2

COMPANY SECRETARY

Mr. Ho Yuk Ming Hugo is the company secretary of the Company. As at 31 December 2017, Mr. Ho had taken no less than 15 hours of relevant professional trainings to update his skill and knowledge as required under the Listing Rules. Please refer to the section headed "Biography of Directors and Senior Management" of this report for his biographical information.

COMMUNICATIONS WITH SHAREHOLDERS

The objective of shareholders' communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner.

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include general meetings, annual and interim reports, various notices, announcements, circulars and electronic means of communication via the Company's website.

The annual general meetings provide a useful forum for shareholders to exchange views with the Board. The chairman of the Board, Directors, Board committees' chairman or members and external auditors, where appropriate, are available to answer questions at the meetings.

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, pursuant to the Articles, shareholder(s) holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company may request the Company to convene an extraordinary general meeting by sending a written requisition to the Board or the company secretary of the Company. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionists themselves may convene a meeting in accordance with the Articles.

If any shareholder wishes to nominate a person to stand for election as a Director at general meeting, the following documents must be validly served on the Company's principal office in Hong Kong (16th Floor, Guangdong Finance Building, 88 Connaught Road West, Hong Kong) or to the branch share registrar of the Company (Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong), provided that the minimum length of the period, during which such documents are given, shall be at least seven days and that (if such documents are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such documents shall commence on the day after the despatch of the notice of a general meeting appointed for election of director and end no later than seven days prior to the date of such meeting:

(i) notice in writing signed by the shareholder of his/her intention to propose such person for election (the "**Nominated Candidate**");

(ii) notice in writing signed by the Nominated Candidate of his/her willingness to be elected; and

(iii) the biographical details of the Nominated Candidate as required under Rule 13.51(2) of the Listing Rules for publication by the Company.

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board. Contact details are as follows:

Address: 16th Floor, Guangdong Finance Building, 88 Connaught Road West, Hong Kong
(For the attention of the Company Secretary)
Fax: 852–2104 9060
Email: contact@fbmining.com

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by the applicable laws and regulations.

An up-to-date version of the Articles is available on the Company's website and the Stock Exchange's website.

Shareholders may refer to the Articles for further details of their rights. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.futurebrightltd.com) after the relevant general meetings.

CONSTITUTIONAL DOCUMENTS

Pursuant to the written resolutions of the shareholders of the Company passed on 8 December 2014, the Articles were approved and adopted. Since the date of listing of the shares of the Company (being 9 January 2015) and up to the date of this report, no change has been made to the Articles and the memorandum of association of the Company.

The Directors are pleased to present this annual report and the audited consolidated financial statements for the Year.

PRINCIPAL ACTIVITIES

The Company is a marble mining company and it acts as an investment holding company. The Group has been focusing on developing the Yiduoyan Project, which is an open pit mine located in Hubei Province of the PRC. Meanwhile, in order to diversify the existing business of the Group, apart from sale of marble blocks, the Group commenced its trading of commodities business during the Year. The principal activities and other particulars of its subsidiaries are set out in note 1 to the audited consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Year and the state of affairs of the Group as at 31 December 2017 are set out in the audited consolidated financial statements on pages 78 to 139 of this report.

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

It is proposed that the forthcoming annual general meeting of the Company will be held on Friday, 8 June 2018 (the "**2018 AGM**").

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Tuesday, 5 June 2018 to Friday, 8 June 2018, both days inclusive, during which period no transfer of the Shares can be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 4 June 2018.

KEY PERFORMANCE INDICATORS ("KPIs") WITH THE STRATEGY OF THE GROUP

The Group sets a number of KPIs to support the delivery of its strategies with its performance as below:

Strategy	KPIs	Performance
Maximise value for its shareholders	Gross profit margin = 23.3% (2016: 70.5%) Return on equity = -33.3% (2016: -13.9%)	During the Year, the significant decrease in gross profit margin was mainly due to the sales of commodities which accounted for 64.55% of total sales, but with a lower gross profit margin which in turn lead to the decrease in average gross profit margin of the Group. In addition, share options had been granted to eligible persons under the share option scheme of the Company, which led to the rise in operating costs such as staff costs including share option expenses and an increase in loss incurred for the Year when compared with the FY2016.
Enhance customers satisfaction and maintain quality control	Number of complaint from customers= 0 (2016: 0)	The Group has established its quality control team. The Group targets to maintain its zero customer complaint record.
Improve the Group's liquidity	Financing activity cash inflow = RMB61,448,000 (2016: RMB0) Cash and bank balances = RMB19,270,000 (2016: RMB22,641,000)	The Group has maintained its strong financial position for the Year. The Group targets to maintain its cash to a higher security level.
Strive for the "Zero Harm" safety goal	Number of occupational injury = 0 (2016: 0)	The Group has developed and implemented a system to monitor and record employee occupational safety statistics and provided training on production safety for its mining staff.

RELATIONSHIPS WITH CUSTOMERS, SUPPLIERS, CONTRACTORS AND EMPLOYEES

As at the end of the Year, our major customers were processing plants, construction companies and ore import companies and we had around 1 year of business relationship with our customers. The Group's trading terms with its customers were mainly on credit or letter of credit. The credit period was generally three months, extending up to six months for major customers. Each customer had a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances except the provision of loans which had entered into a pledge agreement. The Group will continue to maintain and strengthen its relationships with its customers through regular contacts with them. The Group will also seek to further broaden its potential customer base and business opportunities.

The suppliers of the Group mainly include ore export companies and suppliers for machinery, equipment and consumables used in our production process, such as diamond beaded wire lubricant, gasoline, drill rod, drill bits and parts of our equipment. Our suppliers are primarily based in Hong Kong, South Africa and the PRC. We have not signed any long-term contract with any of our suppliers. We generally do not receive any credit terms from our suppliers except the ore export suppliers which the credit period is generally two months. It is generally accepted by our suppliers that we settle our trade balances by means of cash of bank transfer. During the Year, we did not have any material disputes with any of our main suppliers. The Group will continue to broaden its supplier network in order to enhance the stableness of our suppliers.

The Group engaged contractors for the development of the Yiduoyan Project. In selecting contractors, the Group would consider whether the contractors hold the required licences and possess the appropriate qualifications, and the terms and scope of their services including price. The Group monitors the performance of its contractors through on-site inspections and supervision while the outsourced activities are being carried out by its contractors. The Group also requests its contractors to comply with the applicable laws and regulations and safety requirements imposed by the relevant government authorities. During the Year, the Group did not have any material disputes with any of its main contractors.

The Group also maintains a very stable and experienced management team and an amicable relationship with its employees. We believe that we have maintained good relationship with our employees and our management policies, working environment, development opportunities and employee benefits have contributed to maintaining good employee relations.

During the Year, we did not experience any major labour disputes, work stoppage or labour strike or any work safety-related incidents that led to disruption to the operation of the Group, nor has the Group experienced any difficulties in the recruitment and retention of experienced staff.

ENVIRONMENTAL POLICIES

The Group places an emphasis on environmental protection in the course of its operation. We have adopted and implemented various measures on an on-going basis to minimise the impact of our operation on the environment and comply with the relevant environmental protection laws and regulations. Such measures include, inter alia, (i) restoring the land damaged by our mining activities pursuant to the relevant land rehabilitation laws and regulations; (ii) using abandoned stones for the access road and transfer pad construction; (iii) reusing domestic wastes as fertiliser; (iv) collecting and treating waste water for recycling in production or for irrigation; (v) adopting wet drilling to reduce fugitive dust emission; and (vi) using low noise equipment to reduce noise emission.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, in particular, those having significant impact on the Group. The audit committee of the Company is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

During the Year, the Group has complied with all applicable laws and regulations in Hong Kong and the PRC in all material aspects for the business operation of the Group. During the Year, the Group has also obtained all the material approvals, permits and licences for its current business operations.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds (the "**Net Proceeds**") from the listing (the "**Listing**") of the shares the Company on the Main Board of the Stock Exchange on 9 January 2015 (the "**Listing Date**"), after deducting the underwriting fees and commissions and other fees and expenses in relation to the Listing, amounted to approximately HK$56 million (equivalent to approximately RMB45 million). The Net Proceeds have been 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**").

Up to 31 December 2017, the Group had used the Net Proceeds as follows:

	Original allocation of Net Proceeds			Change in use of Net Proceeds (Note)		Utilisation up to 31 December 2017		Remaining balance of unused Net Proceeds as at 31 December 2017	
	HK$ 'million	RMB Equivalent 'million	% of Net Proceeds	HK$ 'million	RMB Equivalent 'million	HK$ 'million	RMB Equivalent 'million	HK$ 'million	RMB Equivalent 'million
Capital expenditure of the Yiduoyan Project	45.6	36.5	81.3%	(12.5)	(10)	11.9	9.5	21.2	17
Development of sales channels and marketing	5	4.1	9%	—	—	5	4.1	—	—
Working capital and other general corporate purposes including expenses for our day-to-day operation	5.4	4.4	9.7%	12.5	10	17.9	14.4	—	—
Total	56	45	100%	—	—	34.8	28	21.2	17

During the Year, the utilised Net Proceeds were approximately RMB5.2 million (details as follow) and the remaining Net Proceeds as at 31 December 2017 were approximately RMB17 million and they were deposited with licensed banks as saving deposits in Hong Kong and the PRC.

	Remaining Net Proceeds as at 31 December 2017	**Net Proceeds utilised for the Year**
	RMB'million	RMB'million
Capital expenditure of Yiduoyan Project	17	0.1
Development of sales channels and marketing	—	2.0
Working capital and other general corporate purposes	—	3.1
Total	17	5.2

Note:

On 15 July 2016, the Board had resolved to allocate not more than RMB10 million out of the unutilised proceeds originally intended for the development of the Yiduoyan Project for working capital and other general corporate purposes including expenses for our day-to-day operation. For details, please refer to the announcement of the Company dated 15 July 2016.

MAJOR CUSTOMERS AND SUPPLIERS

In 2017, the information in respect of the Group's sales and purchases attributable to the major customers and suppliers is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	34.00%	
Five largest customers in aggregate	83.77%	
The largest supplier		32.71%
Five largest suppliers in aggregate		95.61%

To the best of the knowledge of the Directors, none of the Directors, their respective close associates (as defined under the Listing Rules) or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in the major suppliers or customers noted above.

SHARE PREMIUM, RESERVES AND DISTRIBUTABLE RESERVES

As of 31 December 2017, the aggregate amount of reserves available for distribution to the equity holders of the Company amounted to approximately RMB89.15 million (2016: approximately RMB68.29 million).

Details of movements in the share premium and reserves of the Group during the Year are set out in note 29 and page 130 to the audited financial statements.

SHARE CAPITAL

Particulars of the Company's share capital are set out in note 27 to the audited financial statements.

CHARITABLE DONATIONS

Charitable and other donations made by the Group during the Year amounted to approximately HK$2.4 million (2016: HK$1 million).

DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNITIES

During the Year, the Directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the Directors and officers of the Company. The Directors and officers shall not be indemnified where there is any fraud or dishonesty.

SEGMENT INFORMATION

The segment information of the Group for the Year is set out in note 4 to the audited financial statements.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the five years ended 31 December 2013, 2014, 2015, 2016 and 2017, as extracted from the audited financial statements, is set out on page 140. This summary is for information only and does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in note 13 to the audited financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company during the Year and up to the date of this report were as follow:

Executive Directors:
Chen Gang *(appointed on 8 February 2018)*
Hu Guoan *(appointed on 30 October 2017)*
Lee Suk Fong *(resigned on 9 May 2017)*
Liu Jie *(appointed on 9 May 2017)*
Rao Dacheng *(appointed on 9 May 2017)*
Wan Tat Wai David
Yang Xiaoqiu *(appointed on 8 February 2018)*
Zheng Fengwei
Zhang Decong
Yuan Shan *(alternate Director to Zhang Decong)*

Independent Non-executive Directors:
Chow Hiu Tung
Hu Minglong *(appointed on 8 February 2018)*
Lai Kwok Leung *(appointed on 18 August 2017)*
Lau Tai Chim
Sin Ka King *(resigned on 17 August 2017)*
Tsang Hing Hung *(retired on 8 June 2017)*

Two additional executive Directors, namely Ms. Yang Xiaoqiu and Mr. Chen Gang, and one additional independent non-executive Director, namely Mr. Hu Minglong, were appointed on 8 February 2018.

The biographical details of the Directors are set out on pages 41 to 43 of this report.

The Company has received, from each of the independent non-executive Directors, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

In accordance with article 83(3) of the Articles, any Director appointed by the Board to fill casual vacancy on the Board shall hold office until the first general meeting of members of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. In accordance with article 84 of the Articles, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to Article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Mr. Hu Guoan, who was appointed as executive Director with effect from 30 October 2017, will hold office until the 2018 AGM, and Mr. Zheng Fengwei will retire by rotation at the 2018 AGM pursuant to the Articles and will not offer themselves for re-election and will therefore retire as Directors with effect from the close of the 2018 AGM. Pursuant to the Articles, Mr. Chen Gang, Mr. Hu Minglong, Mr. Lai Kwok Leung, Ms. Yang Xiaoqiu, Ms. Liu Jie and Mr. Rao Dacheng will retire as Directors at the 2018 AGM and, being eligible, offer themselves for re-election.

Each of the executive Directors (including Mr. Yuan Shan as an alternate Director to Mr. Zhang Decong) has entered into a service agreement with the Company and each appointment is for an initial term of three years unless terminated by either party giving at least three months' notice in writing.

Except for Hu Minglong who is appointed for a specific term of three years, each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term commencing on the date of the letter of appointment and shall continue thereafter unless terminated by either party giving at least one month's notice in writing or equivalent payment in lieu.

Save as disclosed above, no Director proposed for re-election at the 2018 AGM has or is proposed to have a service contract with any member of the Group which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

NON-COMPETITION UNDERTAKING

Future Bright International Limited ("**FB International**"), Easy Flourish Limited, 廣州藝成投資有限公司 (Guangzhou Yicheng Investment Limited*), Mr. Guo Xiao Ping and Mr. Hu Jin Xiong, as the then controlling shareholders of the Company, had entered into a deed of non-competition in favour of the Company (the "**Deed of Non-competition**") on 8 December 2014.

Details of the undertakings under the deed of non-competition have been set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus.

On 20 December 2016, the Company was informed by FB International, that on 16 December 2016, the number of Shares held by FB International has decreased from 1,064,800,000 Shares to 175,000,000 Shares, representing a decrease of its shareholding from approximately 30.25% to 4.97% of the then issued share capital of the Company. As a result, FB International has ceased to be a controlling shareholder of the Company after the Disposal and the Deed of Non-competition has ceased to have effect against FB International and Mr. Guo Xiao Ping.

On 2 May 2017, the Company was informed by Easy Flourish Limited, a company which is owned as to 80% by Guangzhou Yicheng Investment Limited and 20% by Ms. Jiang Miner, that on 28 April 2017, Easy Flourish Limited had disposed of all 1,082,400,000 Shares, representing 29.33% of the then issued share capital of the Company. As a result, Easy Flourish Limited has ceased to be a shareholder of the Company after the disposal and the Deed of Non-competition has ceased to have effect against Easy Flourish Limited, Guangzhou Yicheng Investment Limited and Mr. Hu Jin Xiong.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group are set out in note 34 to the consolidated financial statements.

The related party transactions set out in note 34 to the consolidated financial statements constituted connected transactions of the Company but were fully exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

* For identification purpose only

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Year, none of the Directors or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

DIRECTORS' MATERIAL INTERESTS IN CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisted at any time during the Year.

CONTROLLING SHAREHOLDERS' INTEREST

There were no contracts of significance between the Company or any of its subsidiaries and a controlling shareholder (as defined under the Listing Rules) of the Company or any of its subsidiaries or any contracts of any significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Share Option Scheme**") on 8 December 2014 which came into effect on the Listing Date. The following is a summary of the principal terms of the Share Option Scheme:

1. **Purpose**

   The purpose of the Share Option Scheme is to enable the Company to grant options to eligible persons as incentives or rewards for their contributions to the Group.

2. **Participants**

   The Board may, at its absolute discretion, invite any full-time or part-time employees of the Group including any executive Directors, non-executive Directors and independent non-executive Directors, advisors, consultants of the Group to take up options.

3. **Total number of shares available for issue under the Share Option Scheme**

   The maximum number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the issued Shares as at the Listing Date provided that the options lapsed in accordance with the terms of the Share Option Scheme or any other share schemes of the Company will not be counted for the purpose of calculating this limit. The Company may, subject to the issue of a circular, the shareholders' approval in general meeting and/or such other requirements prescribed under the Listing Rules, refresh this limit at any time up to 10% of the Shares in issue as at the date of the shareholders' approval provided that the options previously granted under the Share Option Scheme and any other share schemes of the Company (including those outstanding, cancelled, exercised or lapsed in accordance with the terms thereof) will not be counted for the purpose of calculating the limit as refreshed. The above is subject to the condition that the maximum number of the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time.

   As at the date of this report, the outstanding number of share options available for grant under the Share Option Scheme is nil.

4. Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to a participant under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue from time to time.

5. Time for exercising option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Board to each participant provided that the period within which the option must be exercised shall not be more than 10 years from the date of the grant of option subject to the achievement of performance target and/or any other conditions to be notified by the Board to each participant, which the Board may in its absolute discretion determine.

6. Time of acceptance and the amount payable on acceptance of the option

The option will be offered for acceptance for a period of 28 days from the date on which the option is granted. Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant.

7. Basis of determining the subscription price

The subscription price for the Shares subject to options will be a price determined by the Board and notified to each participant and shall be the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a day on which trading of the Company's shares takes place on the Stock Exchange (the "**Trading Date**"); (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of grant of the options; and (iii) the nominal value of a Share.

8. Life of the Share Option Scheme

The Share Option Scheme became valid and effective for a period of ten years commencing on the Listing Date subject to the early termination by passing of an ordinary resolution in general meeting. After such period no further options may be granted but the provisions of the Share Option Scheme shall remain in all other respects in full force and effect in respect of options granted prior thereto but not yet exercised, which may continue to be exercisable in accordance with their terms of issue.

On 30 November 2017, a total of 352,000,000 shares options were granted to eight Directors of the Company and eligible participants. The options were granted at a cash consideration of HK$1.00 per grantee and entitled the grantees to subscribe for ordinary shares at an exercise price of HK$0.25 per share. The options are exercisable during the period from 1 December 2017 to 30 November 2020.

Details of share options granted under the Share Option Scheme are as follows:

				Number of Share Options					
Grant Date	Exercise Price HK$	Vesting Period	Exercisable Period	As at 1/1/2017	Granted	Exercised	Lapsed	Cancelled	As at 31/12/2017
Liu Jie 30.11.2017	0.25	Nil	01.12.2017 to 30.11.2020	—	3,520,000	—	—	—	3,520,000
Rao Dacheng 30.11.2017	0.25	Nil	01.12.2017 to 30.11.2020	—	35,200,000	—	—	—	35,200,000
Wan Tat Wai David 30.11.2017	0.25	Nil	01.12.2017 to 30.11.2020	—	35,200,000	—	—	—	35,200,000
Zheng Fengwei 30.11.2017	0.25	Nil	01.12.2017 to 30.11.2020	—	35,200,000	—	—	—	35,200,000
Zhang Decong 30.11.2017	0.25	Nil	01.12.2017 to 30.11.2020	—	3,520,000	—	—	—	3,520,000
Chow Hiu Tung 30.11.2017	0.25	Nil	01.12.2017 to 30.11.2020	—	3,520,000	—	—	—	3,520,000
Lai Kwok Leung 30.11.2017	0.25	Nil	01.12.2017 to 30.11.2020	—	3,520,000	—	—	—	3,520,000
Lau Tai Chim 30.11.2017	0.25	Nil	01.12.2017 to 30.11.2020	—	3,520,000	—	—	—	3,520,000
Employees and Consultants 30.11.2017	0.25	Nil	01.12.2017 to 30.11.2020	—	228,800,000	—	—	—	228,800,000
Total				—	352,000,000				352,000,000

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and short positions in Shares, Underlying Shares and Debentures of the Company

As at 31 December 2017, the interest or short positions of the Directors and chief executive of the Company in Shares, underlying Shares and 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 Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or as were 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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"):

Name of Director	Company/name of associated corporation	Nature of interest	Number of Ordinary Shares		Approximate % of shareholding
			Long Position	Short Position	
Liu Jie	The Company	Beneficial owner and interest in controlled corporation	1,085,920,000	—	28.06 (Note 1)
Rao Dacheng	The Company	Beneficial owner	35,200,000	—	0.91 (Note 2)
Wan Tat Wai David	The Company	Beneficial owner	35,200,000	—	0.91 (Note 3)
Zheng Fengwei	The Company	Beneficial owner	35,200,000	—	0.91 (Note 4)
Hu Guoan	The Company	Beneficial owner	7,540,000	—	0.19 (Note 5)
Zhang Decong	The Company	Beneficial owner	3,520,000	—	0.09 (Note 6)
Chow Hiu Tung	The Company	Beneficial owner	3,520,000	—	0.09 (Note 7)
Lai Kwok Leung	The Company	Beneficial owner	3,520,000	—	0.09 (Note 8)
Lau Tai Chim	The Company	Beneficial owner	3,520,000	—	0.09 (Note 9)

Note:

1. These 1,085,920,000 Shares included (i) 3,520,000 Shares which may be allotted and issued to Ms. Liu Jie upon full exercise of the share options granted to her under the Share Option Scheme and (ii) 1,082,400,000 Shares indirectly held though Victory Spring Ventures Limited, the issued capital of which is owned as to 90% by Ms. Liu Jie and 10% by Mr. Ye Zhichun. Under the SFO, Ms. Liu Jie is deemed to be interested in all the shares registered in the name of Victory Spring Ventures Limited.

2. These 35,200,000 underlying Shares represent the Shares which may be allotted and issued to Mr. Rao Dacheng upon full exercise of the share options granted to him under the Share Option Scheme.

3. These 35,200,000 underlying Shares represent the Shares which may be allotted and issued to Mr. Wan Tat Wai David upon full exercise of the share options granted to him under the Share Option Scheme.

4. These 35,200,000 underlying Shares represent the Shares which may be allotted and issued to Mr. Zheng Fengwei upon full exercise of the share options granted to him under the Share Option Scheme.

5. These 7,540,000 Shares are directly held by Mr. Hu Guoan.

6. These 3,520,000 underlying Shares represent the Shares which may be allotted and issued to Mr. Zhang Decong upon full exercise of the share options granted to him under the Share Option Scheme.

7. These 3,520,000 underlying Shares represent the Shares which may be allotted and issued to Mr. Chow Hiu Tung upon full exercise of the share options granted to him under the Share Option Scheme.

8. These 3,520,000 underlying Shares represent the Shares which may be allotted and issued to Mr. Lai Kwok Leung upon full exercise of the share options granted to him under the Share Option Scheme.

9. These 3,520,000 underlying Shares represent the Shares which may be allotted and issued to Mr. Lau Tai Chim upon full exercise of the share options granted to him under the Share Option Scheme.

Save as disclosed above, as at 31 December 2017, 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 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.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

So far as the Directors are aware, as at 31 December 2017, the following persons or corporations, other than the Directors or chief executive of the Company, had or were deemed or taken to have interests or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Division 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	Capacity and nature of interest	Number of Ordinary Shares	Approximate % shareholding
Victory Spring Venture Limited	Beneficial owner	1,082,400,000 (Note 1)	27.97
Wu Lianmo	Beneficial owner and interest in controlled corporation	765,840,000 (Note 2)	19.79
Kai De International Holding Limited	Beneficial owner	612,340,000 (Note 2)	15.82
Zhang Bi Hua	Beneficial owner and interest in controlled corporation	592,340,000 (Note 3)	15.31
China Taihe Group Limited	Beneficial owner	243,700,000 (Note 3)	6.30

Notes:

1. These shares are registered in the name of Victory Spring Ventures Limited, the issued capital of which is owned as to 90% by Ms. Liu Jie and 10% by Mr. Ye Zhichun. Under the SFO, Ms. Liu Jie is deemed to be interested in all the shares registered in the name of Victory Spring Ventures Limited.

2. These 765,840,000 Shares included (i) 153,500,000 Shares owned by Mr. Wu Lianmo as beneficial owner and (ii) 612,340,000 Shares indirectly held though Kai De International Holding Limited, a company wholly owned by Mr. Wu Lianmo.

3. These 592,340,000 Shares included (i) 348,640,000 Shares owned by Ms. Zhang Bi Hua as beneficial owner and (ii) 243,700,000 Shares indirectly held though China Taihe Group Limited, a company wholly owned by Ms. Zhang Bi Hua.

All the interests stated above represent long positions. As at 31 December 2017, 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 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 31 December 2017.

MANAGEMENT CONTRACTS

There is no contract entered into by the Company relating to its management and administration of the entire or any substantial part of the business of the Group.

EMOLUMENT POLICY AND REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The emolument policy of the employees of the Group is determined by the Board on the basis of their merit, qualifications and competence.

The employees of the subsidiaries in the PRC are required to participate in a defined central pension scheme managed by the local municipal government of the areas in the PRC in which they operate. The subsidiaries are required to contribute a certain percentage of the relevant part of the payroll of these employees to the central pension scheme. Under the Mandatory Provident Fund Scheme, the Hong Kong employees are required to make regular mandatory contributions calculated at 5% of the employee's relevant income to an MPF scheme, subject to the minimum and maximum relevant income levels. No forfeited contribution is available to reduce the existing level of contributions for the defined contribution scheme.

The Company has adopted a share option scheme as incentive to Directors and eligible employees, details of which are set out in the paragraph headed "Share Option Scheme" above.

The emoluments of the Directors are decided by the Board and the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

Details of the Directors' remuneration and the five highest paid individuals are set out in notes 8 and 9, respectively, to the audited financial statements.

No Director has waived or has agreed to waive any emolument during the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the Corporate Governance Code in Appendix 14 to the Listing Rules during the Year, except for code provision A.4.1 as set out above. Details of the corporate governance of the Company are set out in the Corporate Governance Report on pages 15 to 25.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed minimum public float under the Listing Rules during the Year and at any time up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

RELIEF OF TAXATION

The Company is not aware of any relief from taxation available to its shareholders by reason of their holding of the shares of the Company.

BUSINESS REVIEW AND PRINCIPAL RISKS AND UNCERTAINTIES

The business review of the Group for the Year, an indication of likely future developments in the Group's business and the principal risks and uncertainties facing the Group are included in the "Management Discussion and Analysis" in this report on page 5 to 14. Those discussions form part of this Report of the Directors.

EVENTS AFTER REPORT PERIOD

Two additional executive Directors, namely Ms. Yang Xiaoqiu and Mr. Chen Gang, and one additional independent non-executive Director, namely Mr. Hu Minglong, were appointed on 8 February 2018.

On 15 March 2018, Imperial Dragon Finance Limited (currently known as Future Bright Finance Limited) (a wholly-owned subsidiary of the Company), signed loan extension agreements to extend the term of the two loans, each loan amounting to HKD3,500,000, to two third parties. These loans are secured by each borrower's securities accounts, bear interest at a fixed rate of 24% per annum and have a maturity date (as extended by the extension agreements) on 28 August 2018. Please refer to the Company's announcement dated 15 March 2018 for more details of these transactions.

The Group disposed on-market of a total of 11,940,000 shares of Basetrophy Group Holdings Limited in a series of transactions conducted between 20 October 2017 and 9 February 2018, at the price between HK$0.17 and HK$0.25 per share for an aggregate gross sale proceeds of HK$2,573,440 (excluding transaction costs). The above disposal constituted a discloseable transaction of the Company as one of the applicable percentage ratios under Rule 14.07 of the Listing Rules exceeded 5% but was less than 25%, and was therefore subject to the relevant reporting and announcement requirements under Chapter 14 of the Listing Rules. For details, please refer to the announcement of the Company dated 20 February 2018.

Except as disclosed in this report, since 31 December 2017 and up to the date hereof, no important events has occurred affecting the Group.

AUDITORS

The consolidated financial statements of the Group for the Year have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment at the 2018 AGM. A resolution will be submitted to the 2018 AGM to re-appoint Messrs. Ernst & Young as auditors of the Company.

The Company has not changed its external auditors during each of the years ended 31 December 2014, 2015, 2016 and 2017.

On behalf of the Board

Liu Jie
Chairperson and Executive Director
Hong Kong, 28 March 2018

EXECUTIVE DIRECTORS

Ms. Liu Jie, aged 50, graduated from Guizhou Radio & TV University* (貴州廣播電視大學) with a bachelor's degree in finance and accounting computerisation in 1986. She has extensive experience in business management and finance. Ms. Liu worked as a vice president at Shenzhen Maiconi Instruments Company Limited* (深圳市邁可尼儀器有限公司) from January 1994 to December 2010. Since January 2011, she has been an executive director and the legal representative of National Finance & Guarantee Company Limited* (深圳市華圳融資擔保有限公司). Since November 2012, she has been appointed as a supervisor of Shenzhen Kaiye Industrial Company Limited* (深圳市凱業實業有限責任公司). Since January 2014, she has been a director and the president of Shenzhen Hengde Jianxing Equity Investment Fund Management Company Limited* (深圳市前海恒德健行投資控股有限公司). Since December 2016, she has been the chairperson of Shenzhen Finger Media Company Limited* (深圳市指媒數字股份有限公司), a company listed on the National Equities Exchange and Quotations of The People's Republic of China (NEEQ: 837213).

Mr. Chen Gang, aged 41, graduated from Beijing Institute of Fashion Technology* (北京服裝學院) with a bachelor's degree in international trade in July 1999 and a master degree in industrial economics from Beijing Technology and Business University* (北京工商大學) in June 2005. He has extensive experience in operation, investment and corporate management. Since August 2009, he has been an executive director and the vice president of Beijing Jiutai Holdings Limited* (北京九台集團有限公司).

Mr. Hu Guoan, aged 49, graduated from Beijing Information Technology Institute* (北京信息工程學院) with a bachelor's degree in business administration in July 1994. He has extensive experience in corporate management. Since March 2003, he has been the chairman of Resgreen Biological Engineering Group Limited* (綠之韻生物工程集團有限公司). Since February 2007, he has been the chairman of Luzhiyun Int'l Group (Southeast Asia) Shares Limited* (綠之韻國際集團（東南亞）股份有限公司).

Mr. Rao Dacheng, aged 42, graduated from Beijing Jing Qiao University* (北京京橋大學) with a bachelor's degree in business administration in 1999. He has extensive experience in business management, strategy development and execution. Mr. Rao worked as a general manager at Wuhan Huatong Electric Equipment Company* (武漢華通電氣設備公司) from February 2000 to March 2001. From January 2004 to September 2010, he held the position of general manager at Qingdao Chuanghao Group Co. (Shenyang) Limited* (青島創豪集團（瀋陽）分公司). From October 2010 to September 2013, he held the position of general manager at Zhejiang Fifth Season Trading Limited* (第五季（浙江）商貿有限公司). From September 2013 to September 2014, he held the position of director at Fifth Season International Petrochemical (Shenzhen) Limited* (第五季國際石化（深圳）有限公司). Since September 2014, he has been a director of HaiNanZhong Fishing Boat Service Limited* (海南中漁船務服務有限公司).

Mr. Wan Tat Wai David, aged 58, was appointed as an executive Director on 12 April 2016. Mr. Wan holds a bachelor's degree in chemistry and a master degree in business administration from The University of Hong Kong. Mr. Wan started off his career in the marketing field in 1983 specialising in sales and marketing of personal computers. He joined the Hong Kong Police Force in 1986 in the rank of police inspector and was promoted to the rank of chief inspector in 1996. He has over 28 years of experience in internal supervision and management in various police departments. He also holds an executive diploma in legal risk for enterprise risk management from the School of Professional and Continuing Education of The University of Hong Kong. From July 2015 to January 2018, Mr. Wan held the position of chief operation officer of China Baoli Technologies Holdings Limited (formerly known as REX Global Entertainment Holdings Limited) (stock code: 164), the shares of which are listed on the Main Board of the Stock Exchange. Since September 2016, Mr. Wan has been an independent non-executive director of King Force Group Holdings Limited (stock code: 8315), a company mainly engaged in the provision of security guarding services and mobile game business and listed on the GEM of the Stock Exchange.

* For identification purpose only

Ms. Yang Xiaoqiu, aged 31, graduated from Hangzhou Normal University Qianjiang College* (杭州師範大學錢江學院) with a bachelor's degree in tourism management in July 2008. She has extensive experience in operation and corporate management. Ms. Yang held the position of director at Hangzhou Chinese Apparel Limited* (杭州華人服飾有限公司) from September 2008 to May 2014. Since July 2015, she has been the chairman of Shanghai Dons Lamour Jewelry Limited* (上海再戀珠寶有限公司). Since August 2017, she has been a director of AARUI International Group Holding Company Limited (愛瑞爾國際集團控股有限公司).

Mr. Zhang Decong, aged 77, joined the Group in September 2013 as an executive Director, Chief Engineer and head of the technology and production department of the Group. He is mainly responsible for mining and production, evaluating mining policies, managing mine resources exploration and extraction activities, providing technical guidance on production and overseeing production safety at the Yiduoyan Project on a full-time basis. After graduation from the Beijing Architecture and Construction Industry College in the PRC majoring in mining, Mr. Zhang has approximately 30 years of experience in the mining industry, in particular, production, mining technology and mine site management of various dimension stone projects in the PRC with mining process similar to the Yiduoyan Project.

Mr. Zheng Fengwei, aged 31, graduated from Zhuhai College of Jilin University* (吉林大學珠海學院) with a bachelor's degree in logistics management and a second bachelor's degree in business English in 2009. He was certified as a logistician by China Federation of Logistics & Purchasing* (中國物流與採購聯合會) and National Logistics Standardisation & Technology Committee* (全國物流標準化技術委員會) in 2008. Mr. Zheng has extensive experience in financial management and corporate finance. He worked as an account manager at Shenzhen Morgan Financial Management Limited* (深圳市摩根投資管理有限公司) from August 2008 to October 2010. From October 2010 to January 2015, he held the position of general manager at Fifth Season International Petrochemical (Shenzhen) Limited* (第五季國際石化（深圳）有限公司). From January 2015 to August 2015, he held the position of manager at Kairuide (Shenzhen) Fund Management Limited* (凱瑞德（深圳）基金管理有限公司). He was appointed as a director of Hongkai International Financial Holding Shenzhen Limited* (鴻凱國際金融控股（深圳）有限公司) and a vice president of Beijing Securities Limited, respectively, from August 2015 to July 2016 and from July 2016 to November 2016.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chow Hiu Tung, aged 46, was appointed as an independent non-executive Director on 8 December 2014. Mr. Chow has approximately 20 years of experience in accounting and internal control. Prior to joining the Group, Mr. Chow worked at KPMG from August 1995 to January 2000 as an assistant audit manager participating in the execution of audit plans. From October 2004 to June 2011, Mr. Chow worked for a logistics company where his last position was the chief financial officer, responsible for managing the financial affairs of the company. Mr. Chow was the chief financial officer from August 2011 to December 2013 and was the company secretary from August 2011 to May 2013 of Flying Financial Service Holdings Limited, a company mainly engaged in the provision of financial services and listed on the GEM of the Stock Exchange (stock code: 8030). From October 2013 to March 2015, Mr. Chow was an independent non-executive director of National United Resources Holdings Limited, a company mainly engaged in the business of media and advertising and listed on the Main Board of the Stock Exchange (stock code: 254).

* For identification purpose only

Mr. Chow graduated from the Hong Kong University of Science and Technology with a bachelor degree of business administration in finance in November 1995 and obtained a master degree of international business in December 2001 from the University of Sydney, Australia. Mr. Chow has been a member of the Hong Kong Institute of Certified Public Accountants since January 1999. Mr. Chow has been a member of the Association of Chartered Certified Accountants since April 2000 and was admitted as its fellow member in April 2005.

Mr. Hu Minglong, aged 42, graduated from Capital Normal University* (首都師範大學) with a bachelor of arts degree in Chinese language and literature education* (漢語言文學教育) in July 1999 and a master of laws from Renmin University of China* (中國人民大學) in January 2012. He has extensive experience in business strategy, business modelling and corporate management. Since February 2017, he has been an executive director and the vice president of Beijing Oriental Media Properties Limited* (北京東方梅地亞置業有限公司).

Mr. Lai Kwok Leung, aged 29, holds a bachelor's degree in business administration (Hons) in accountancy from the Hong Kong Polytechnic University and is a member of the Hong Kong Institute of Certified Public Accountants with over six years of experience in both public and private auditing, accounting and finance experience. Mr. Lai had been a senior associate of ZHONGLEI (HK) CPA Company Limited from August 2011 to December 2013. He then served as a senior at RSM Nelson Wheeler from December 2013 to January 2015. From February 2015 to July 2015, he had been a senior auditor of World Link CPA Limited. He worked as an audit senior at Ernst & Young LLP (UK) from January 2016 to September 2016. From December 2016 to March 2017, he worked as a senior associate in PricewaterhouseCoopers Hong Kong. From March 2017 to June 2017, he worked as the finance manager of Innovation Technology Company Limited.

Mr. Lau Tai Chim, aged 66, was appointed as an independent non-executive Director on 8 December 2014. Mr. Lau was admitted as a solicitor in Hong Kong in March 1984 and has been a solicitor practising law since May 1986. He is the founder and managing partner of T.C. Lau & Co. From March 2001 to September 2004, Mr. Lau was appointed as an independent non-executive director of Kingboard Chemical Holdings Limited, a company mainly engaged in the manufacturing and sale of, among other things, printed circuit boards, chemicals, liquid crystal displays and magnetic products and listed on the Main Board of the Stock Exchange (stock code: 148). From April 2002 to September 2010, Mr. Lau was appointed as an independent non-executive director of Warderly International Holdings Limited (currently known as Fullshare Holdings Limited), a company incorporated in Cayman Islands and mainly engaged in property development and listed on the Main Board of the Stock Exchange (stock code: 607).

SENIOR MANAGEMENT

Mr. Yuan Shan, aged 62, is the deputy chief engineer and the safety manager of our Group. Mr. Yuan was also appointed as the alternate Director to Mr. Zhang Decong, our executive Director, on 8 December 2014. He joined our Group in March 2014, primarily responsible for devising workflow of the overall mining process, providing technical support on mine construction, overseeing production safety and the environmental protection aspects of the mining process, providing technical support during mine construction and providing training to miners at our Yiduoyan Marble. Mr. Yuan graduated from Hubei Architecture Institute (currently known as Wuhan University of Technology) specialising in mining at its non-metallic mine department in October 1976. Mr. Yuan has approximately 30 years of experience in the mining industry, in particular, mine design and production process management of various dimension stone mining projects with similar open-pit mining process as our Yiduoyan Project. As of the date of this annual report, Mr. Yuan did not hold directorship in other listed public companies in the past three years.

* For identification purpose only

Mr. Liu Zhanghui, aged 40, is currently the mine head of our Yiduoyan Project. He has approximately ten years of experience in extraction activities and production safety. Mr. Liu joined our Group in February 2012 and was appointed as the mine head of our Yiduoyan Project in June 2012. He is the key on-site person-in-charge of the daily operation of our Yiduoyan Project. Mr. Liu is primarily responsible for the setting up and management of mining production team, execution of mining plans, supervision and management of production activities, providing technical support and training to technical personnel for extraction activities, as well as overseeing production safety. Mr. Liu graduated from China Three Gorges University in July 2005.

Mr. Ho Yuk Ming, Hugo, aged 46, was appointed as the chief financial officer of our Group on 11 April 2014 and as the company secretary of our Company on 26 September 2014. Mr. Ho is responsible for accounting, financial reporting and internal control procedures of our Group. He has over 18 years of experience in auditing, accounting and financial management and has been a certified public accountant in Hong Kong for over 16 years. Mr. Ho held senior positions in a number of listed companies in Hong Kong prior to joining the Group. Mr. Ho is an associate member of the Hong Kong Institute of Certified Public Accountants. He graduated from the Hong Kong Shue Yan College (currently known as Hong Kong Shue Yan University) with a honours diploma in accounting in July 1996. Currently, Mr. Ho is an independent non-executive director of Wuxi Sunlit Science and Technology Company Limited* (無錫盛力達科技股份有限公司) (Stock code: 1289), Zuoli Kechuang Micro-finance Company Limited* (佐力科創小額貸款股份有限公司) (Stock code: 6866) and King Force Group Holdings Limited (Stock code: 8315) respectively.

* For identification purpose only

ABOUT THIS REPORT

Overview

This report is the second Environmental, Social and Governance (ESG) Report issued by Future Bright Mining Holdings Limited (hereinafter "**Future Bright**", the "**Company**" or "**us**"). It is an annual report published regularly and focuses on the disclosure of the Company's performance in respects of integrity operation, green production, environmental protection, responsible production, employee development and teamwork, production safety and health and social rewards.

Reporting scope

The policies and materials in this report cover the Company and subordinated wholly-owned and holding subsidiaries of the Company. The disclosure covers the period from 1 January 2017 to 31 December 2017. Some information can be traced back to before 2017.

Compiling Basis

This report is prepared mainly by reference to the Environmental, Social and Governance Reporting Guide issued by the Hong Kong Stock Exchange. Identification and disclosure information on the Company's ESG performance is for reference by stakeholders and shareholders. Such procedures include: identifying and prioritising key stakeholders, identifying and prioritising key ESG issues, determining ESG report boundary, collecting relevant materials, compiling ESG report based on data, and reviewing information in the report.

Source and reliability assurance

The information and cases in this report are mainly from the statistic records and relevant documents of the Company. The Board of Directors (the "**Board**") of the Company undertakes that this report contains no false statements or misleading statements and is responsible for the truthfulness, accuracy and completeness and its contents.

Confirmation and approval

This report was approved by the Board on 28 March 2018 following the confirmation by the management.

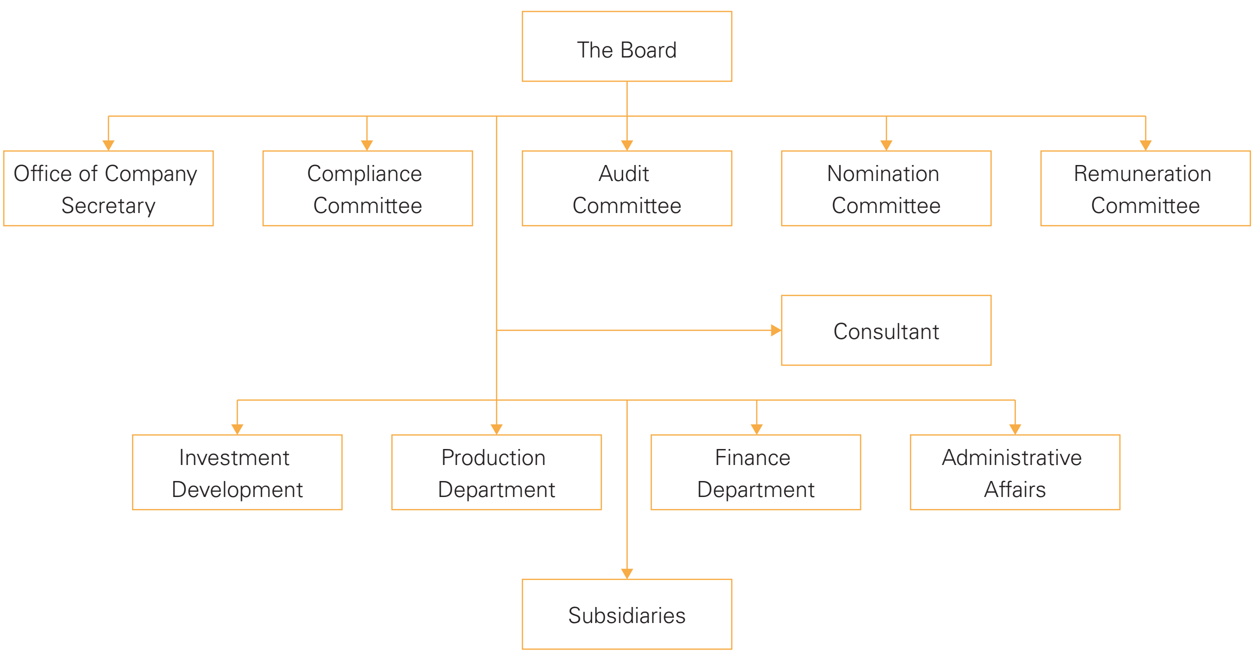
RESPONSIBILITY AND GOVERNANCE

Future Bright Mining Holdings Limited is committed to marble mining and exploitation. Currently, our only and major development project is Yiduoyan Mine Project located in Hubei Province. Since we were founded in 2011, we have been striving to improve product development and public recognition. We have been developing a sound governance system for our corporate responsibility to increase the transparency in our production and management activities, while vigorously improving communications channels with the relevant stakeholders of the Company. All these engagements aim to generate the stakeholder values, protect the environment, and make social contributions by providing community services. By doing so, we will earn extensive support from investors and the stakeholders.

In this second environmental, social and governance report for Future Bright, we will continue to make a public and detailed disclosure and elaboration of the ESG and other non-financial matters of the Company, so that the public can have more in-depth understanding of the corporate social responsibility as practiced by Future Bright as well as our non-financial achievements. The disclosures as contained in this report also present a good opportunity for Future Bright to review its own ESG performances. In order to become a respected enterprise among the public, we will continue to perform well the ESG work in the near future.

Governance structure

The Company's governance structure lays a solid foundation of improving our governance system and enhancing management efficiency. The Board of Future Bright, which is comprised of four committees (namely, the Compliance Committee, the Audit Committee, the Nomination Committee, and the Remuneration Committee) and the office of company secretary, takes direct responsibility for overseeing various corporate functions, such as corporate investment and development, production, finance, administration. Set out below are specific details regarding our governance structure:



Clean and honest practices

Future Bright stresses importance to the employee code of professional conduct, while complying with the business ethics and the relevant national laws and regulations. We have always been persistent in maintaining clean and honest business practices. To prevent any corrupt practices, the Company has been reinforcing its governance and internal control so that corporate risks are minimised, our operations proceed with integrity and compliance, and our legitimate interests and rights are protected. In doing so, we ensure the Company remains in the course of its stable and healthy development. By formulating the "Anti-corruption Policy and Processes" and "Whistleblowing Policies", the Company simultaneously supplements the implementation rules, and also reiterates the provisions in connection with anti-corruption in the Employee Code of Conduct. The Audit Committee shall be responsible for organising and executing interdepartmental anti-corruption work. Besides encouraging its employees to report any corrupt actions, Future Bright organises anti-corruption training courses for its employees along with whistleblowing channels and guidance provided to its employees. In such case, our employees will help to improve our corporate governance capacities, while increasing their awareness of clean and honest governance.

While enhancing its in-house anti-corruption governance, Future Bright stresses importance to external communications with the stakeholders on anti-corruption. The Company will distribute communications on legal compliance and business integrity and ethics to the external stakeholders directly or indirectly connected to the Company in any form as it deems appropriate, including our customers, suppliers, regulatory authorities and shareholders. To prevent any kind of possible corrupt action from taking place during our procurement process, Future Bright formulates and carries out the "Procurement Management System", pursuant to which, the responsibilities and processes regarding procurement of supplies in the mining areas and non-mining areas are regulated, while the criteria for approving suppliers and inspecting and accepting inventories are expressly stipulated. To promote the sustainability of the Company, Future Bright will continue to fight corruption and promote clean and honest practices in compliance with the clean and honest principles in the future.

Fair Competition

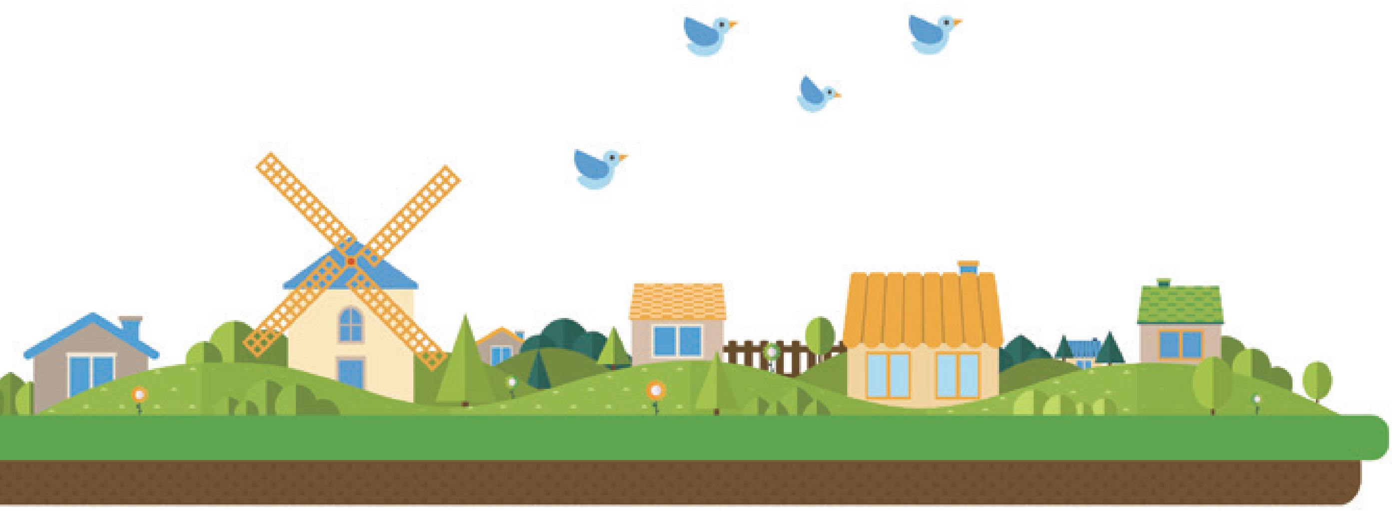
Besides establishing a sound mechanism for clean and honest practices, Future Bright will not collaborate with potential business rivals on any attempt to constrain free market competition in strict compliance with the market operation regulations with respect to anti-unfair completion and anti-monopoly practices, as well as subject to such laws and rules as the Anti-monopoly Law of the People's Republic of China (《中華人民共和國反壟斷法》), and the Company Law of the People's Republic of China (《中華人民共和國公司法》).

During the Reporting Period, the Company found no improper action in connection with the conflict of interest, corruption, or commercial bribery, nor was there any lawsuit against us due to unfair competition or violation of the Anti-Monopoly Law.

ESG Governance

By adhering to its corporate culture of "quality-oriented, honest, ambitious practices", Future Bright proactively carries out its corporate social responsibility for the ESG issues. We understand and value the importance of corporate sustainability, as well as the significant impact of corporate ESG performance on our corporate sustainability. We have established a top-down ESG management system, which is initiated by the Board and reviewed by the Executive Committee, while the ESG Working Group is responsible for its implementation and execution and the overall coordination of our ESG management.

Board of Future Bright	• Be responsible for assessing and determining the Company's ESG risks • Ensure that the Company has in place an appropriate and effective risk management and internal control system relating to ESG matters • Review and approve ESG policies • Review and approve the ESG report
Executive Committee of Future Bright	• Implement ESG risk management and internal control • Guide the work of the ESG working group • Review ESG policies • Review the ESG report, and confirm the accuracy of information on performance indicators
ESG Working Group of Future Bright	• Promote each department to implement various ESG policies • Report to the Executive Committee on the implementation of ESG projects • Collect information on ESG performance indicators • Compile ESG report



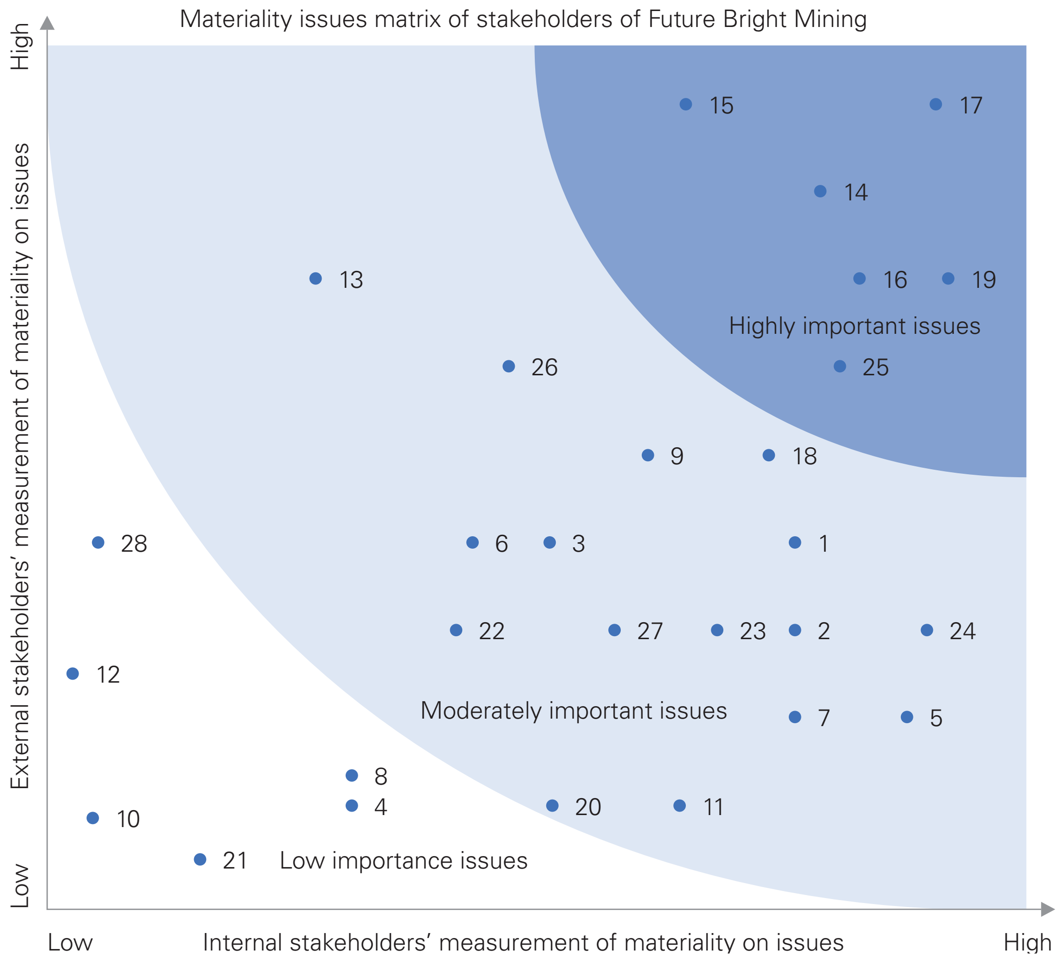
Importance Analysis

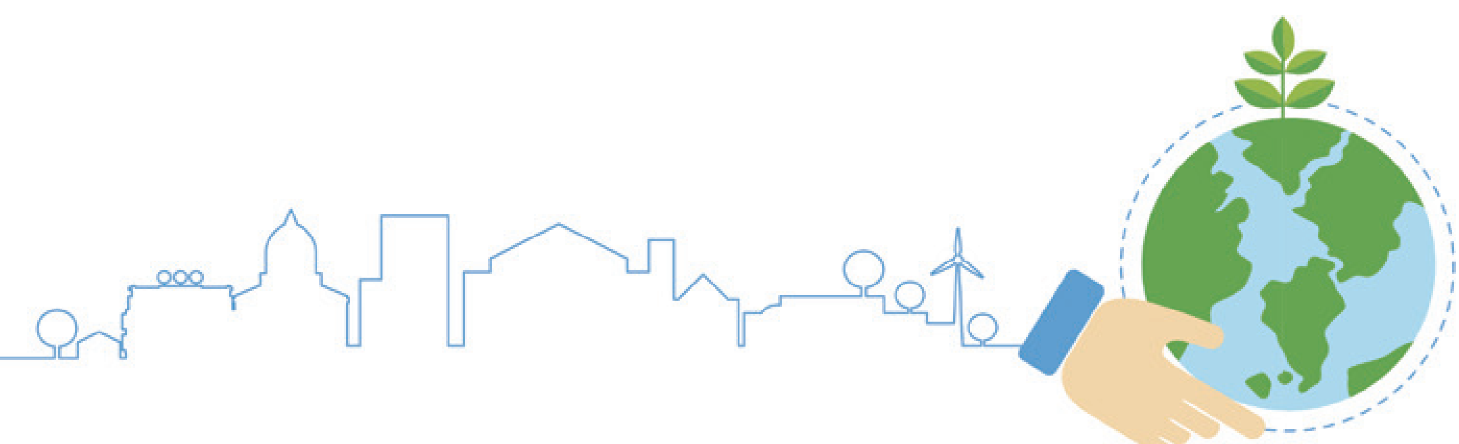
We adhere to the concept of sustainability and persist in listening to opinions from stakeholders, including employees, shareholders/investors, customers, government agencies, suppliers, community individuals/organisations/NGOs and the media. Effective communications with stakeholders enables us to carry out objective and comprehensive assessment over our ESG performance. We communicate with our stakeholders mainly by way of interviews, field trips, online survey and conferences. While listening to stakeholders' views on our ESG performance, we explore ways to enhance our ESG work.

Groups of stakeholders	Key Issues	Communication channels/ feedback methods	Frequency/times
Employees	Production safety Staff welfare Anti-fraud	— Staff performance appraisal interview — Internal publications (newspapers, magazines) — Instant messaging software	— Quarterly — Quarterly — Irregular
Shareholders/ investors	ESG governance Anti-fraud Environmental protection	— General meetings/special general meetings — Investor meetings — Performance conferences — Press releases/announcements — On-site inspection	— Annually — Annually — Every half year — Irregular — Irregular
Customers	Product responsibility Environmental protection Community investment	— Field research — Instant messaging software — Official accounts of social media — Tender	— Irregular — Irregular — Irregular — Irregular
Government authorities	Production safety Environmental protection Community investment	— Field research — Meetings	— Irregular — Irregular
Suppliers	Supply chain management Environmental protection Product responsibility	— Field research — Meetings	— Irregular — Irregular
Community/ organisations/ non-governmental organisations	Community investment Environmental protection Product responsibility	— Field research — Meetings	— Irregular — Irregular
Media	Environmental protection Production safety Anti-fraud	— Press releases/announcements — Social Media — Meetings	— Irregular — Irregular — Irregular

Besides understanding the concerns of stakeholders through two-way, transparent and regular communications, as well as regularly responding to and reviewing the effectiveness of relevant actions, we also expect that this report provides more detailed responses to address the considerations of stakeholders on issues of concern.

During the preparation of the ESG report this year, we communicated with stakeholders on various ESG issues. By analysing the communication results, we further identified the major issues of concern to the stakeholders and compiled a major issue matrix that effectively guided us in formulating strategic plans for our future development.





In the matrix, all issues are distributed in different locations according to the materiality of internal and external stakeholders and listed below:

1	Energy management and response to climate change	**15**	**Compliance with labour employment regulations**
2	Sewage disposal	**16**	**Occupational health**
3	Solid waste disposal	**17**	**Production safety**
4	Construction noise	18	Employee development and training
5	Ecological conservation	**19**	**Child labour and forced labour**
6	Use of natural resources	20	Suppliers selection criteria
7	Hazardous waste management	21	Suppliers maintenance and ESG evaluation
8	Energy saving and emission reduction	22	Customer service and communications channel
9	Compliance with local environmental protection regulations	23	Intellectual properties
10	Use of packaging materials	24	Product quality
11	Employee remuneration and benefits	**25**	**Anti-corruption, anti-bribery and anti-fraud**
12	Employee diversity and equal opportunity	26	Contribution to communities
13	Retention of employees	27	Stakeholders' complaints
14	**Working environment**	28	Charity and public welfare

GREEN PRODUCTION

As a company specialised in marble mining and sales operations, Future Bright is in strict compliance with the requirements of laws and regulations such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and the Provision on the Protection of the Geologic Environment of Mines (《礦山地質環境保護規定》), and adopts advanced green mining techniques in the production process. We closely follow environmental policies and trends and regard environmental protection as an important task of our corporate social responsibility. In addition to reducing damage to the natural ecological environment, we are also concerned about challenges such as climate change, energy and resources shortages, and environmental pollution, and are committed to achieving green production throughout the production process.

Compliant Emission

The emissions generated in our production process are mainly sewage, solid waste and noise. The Company strictly complies with the relevant provisions of the Law of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), and invests special funds for the installation of sewage disposal facilities. Such sewage mainly contains silt and stone waste, and we strictly implements the standard requirements of less than or equal to 1.0 mg/m^3 of suspended solids in the discharged sewage.

Sewage is inspected regularly to ensure complaint discharge

Future Bright stresses great importance to the compliant discharge of sewage and constructs diversion channels equipped with grit chambers in the mining areas to filter and precipitate sewage. We regularly invite professional third-party agencies to monitor the environment of the mining area including the grit chamber to ensure the water quality meets the standard after treatment and recycle for reuse.

Sewage discharge	2017
Domestic sewage (ton)	94
Production sewage (ton)	1,377
Total sewage discharge (ton)	1,471
Sewage discharge intensity in terms of output (ton/ton)	0.11

Striving to reduce the impact on the environment, we strictly control the discharge of waste during production and office operations, identify and manage all matters that have a significant impact on the environment, and separate pollution sources and types of pollutants. The abandoned rock materials in the Company's mining process will be reused to build block transfer and other facilities and pave roads, or handed to qualified companies for recycling. In addition, the Company's main non-hazardous solid waste are kitchen waste and office waste, which will be handed over to the environmental sanitation department of the municipal government for unified treatment following centralised collection. Future Bright adopts the 5S management measures, i.e. SEIRI, SEITON, SEISO, SEIKETSU and SHITSUKE in its daily production and business course to ensure active participation of employees, which helps our employees to develop sound working and production habits, and reduce work mistakes, emissions and waste. With the persistent efforts of all employees, the Company's overall image and management standards will be enhanced, creating a unique corporate culture.

Future Bright actively manages to promote compliant emission while vigorously promoting emission reduction. Production water will be reused in the production process after being precipitated and compressed by a specialised device to reduce discharge of sewage. Our stringent application approval system for business vehicles will ensure complaint and qualified emission of vehicle exhaust and prevent excessive discharge. Abandoned stone generated in the ore mining process is recycled for paving roads, while kitchen waste is collected and handed over to recycling agencies for production of biological fertilisers. In addition, we emphasise noise pollution control in mining areas by using low noise-making equipment to reduce noise pollution.

"5S" management system

To improve the Company's overall image, staff cultivation and the management system, as well as reducing emissions and environment pollution, Future Bright adopted the "5S" management system to direct daily management. The 5S management emphasises "participation of all members" and "personal participation of senior management". We have set up a "5S Management Committee", which comprises the general manager, the vice president, heads of the general management department and each functional department, to lead our work. The 5S management system is an important guide for the Company's environmental governance regulations.

Non-hazardous solid waste generated	2017
Abandoned stone material (ton)	26,565.44
Kitchen waste (ton)	3.50
Office waste (ton)	0.22
Total amount of non-hazardous solid waste (ton)	26,569.16
Intensity of non-hazardous solid waste in terms of output (ton/ton)	2.00

Use of resources

Future Bright pays close attention to the issues on shortage of global energy and depletion of natural resources. To compare the planned target set at the beginning of the year, we insist on monitoring the use of energy and resources on a regular basis, analyse the advantages and disadvantages of use of energy and resources and urge energy and water resources conservation. The Company guides and coordinates the effective use of energy and resources by virtue of customised energy management and resources management systems.

The Company's major energy consumption is diesel used by mining construction machinery and daily transportation vehicles as well as external purchased power, gasoline, natural gas and liquefied petroleum gas. The Company actively implements energy conservation while managing use of energy in an integrated manner. Offices of mining areas are equipped with energy saving lamps. Employees are urged to save energy by taking the "5S" management measures. In terms of power, we stipulate that lights, if not used, shall be turned off to reduce energy waste, as a result, 0.90 kWh/ton of power consumption per unit output was saved in 2017. In term of oil and gas, we record the consumption and include the use of energy by employees into their performance assessment. We believe good energy management enables us to coordinate production planning and is an inevitable requirement for our sustainability.

Energy consumption and greenhouse gas emission	**2017**
External purchased electricity power (kWh)	21,083
Gasoline (litre)	4,827
Diesel (litre)	29,958
Natural gas (cubic meter)	122
Liquefied petroleum gas (kg)	312
Total energy consumption (ton of standard coal equivalent)	44.87
Total energy consumption intensity in terms of output (kg of standard coal equivalent/ton)	3.38
Greenhouse gas emission (category I and II, tCO_2e)	104.42
Greenhouse gas emission intensity in terms of output (tCO_2e/ten thousand tons)	78.73

The Company's fresh water used for production is mainly the dust-removal and cooling water during the stone cutting process. As our production is mainly conducted at mountainous open-pit mines, besides tap water, we also use groundwater. We have obtained a water access permit from the local Water Authority, limit the amount of access to water resources per day and strictly perform the relevant requirements under the Water Law of the People's Republic of China (《中華人民共和國水法》) and Implementation Measures for the Water Permits Licensing System (《取水證許可制度實施辦法》). On the premise of guaranteeing production, we maximise our efforts to maintain the natural state of the environment to reduce the use of water resources.

Water consumption	**2017**
Groundwater (ton)	1,620
Tap water (ton)	111
Total water consumption (ton)	1,731
Water consumption intensity in terms of output (ton/ton)	0.13

Ecological conservation

By maintaining our position as a responsible enterprise for the ecological environment, Future Bright formulated a land reclamation plan at the beginning of mining preparations for the mining area and implemented the plan with effect from January 2014. This includes site cleanup during the normal mine production and prioritised reclamation of unused land, which aims to reclaim used land amid our mining process and continue rehabilitation and restoration of damaged land upon completion of mining activities.

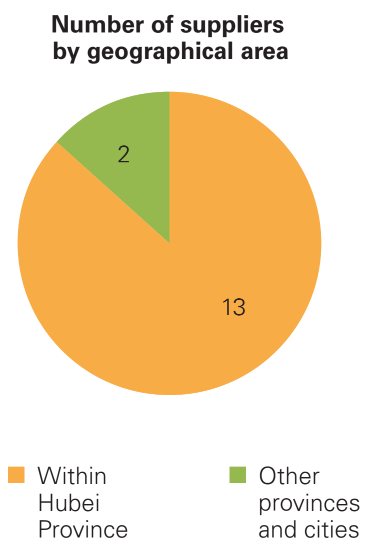
We greened and reforested the damaged land at the mining areas, while carrying out treatment work for the open pit slopes. During the mine production process, we also take corresponding protection and control measures for the forest land and wasteland outside our key restored areas. To maintain biodiversity, we green the regions surrounding the mining area and minimise the loss of soil and water by way of treatment work amid the mining process. We expect to minimise the damage to the natural environment and maintain sustainable development of enterprises and communities.

IMPROVING QUALITY

Adhering to its corporate culture of "quality-oriented, honest, and ambitious practices", we are committed to serving our customers in a sincere manner and providing them with high-quality products. In order to ensure the product quality in all aspects of the supply chain, we continuously improve the quality control process from the sources, listen to users' opinion and suggestion in a timely manner and ensure that we do not infringe upon the privacy and intellectual property rights of our customers.

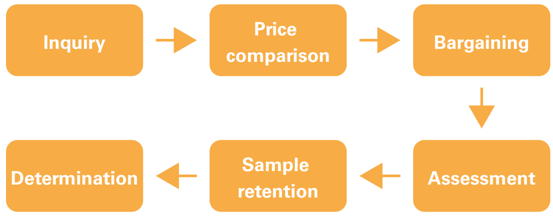
Responsible Procurement

The Company mainly relies on suppliers to supply mechanical equipment and related wearing parts, such as diamond beaded ropes, drill bits, wheels, lubricating oil, and drill rods. During the year, a total of 15 suppliers located in the PRC provided products to us.

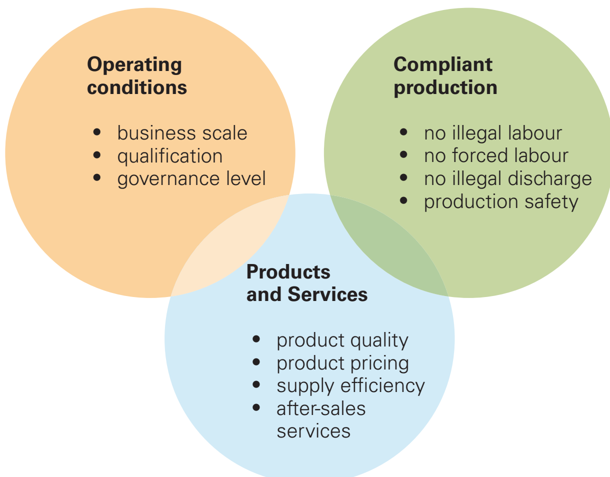


The quality of raw materials and equipment is the basis for ensuring the quality of final products. Future Bright guarantees the quality of the supplied products through the supplier selection and management system. We selected best potential suppliers by investigating their business operations, product and service quality and ethical compliance.

Supplier selection process



Key processes for assessing suppliers



Future Bright reassesses existing suppliers every year. According to various key assessment processes, we classify existing suppliers into three categories, i.e. "preferred", "general" and "to be removed", to maintain product quality and supply stability. We monitor supplier performance through on-site inspections and supervision of suppliers, and also require suppliers to take appropriate measures to ensure the timely and proper implementation of the newly enforced laws and regulations as well as requirements of regulatory authorities.

Future Bright has been adhering to develop with suppliers and take advantages in market competition while reducing the impact of its business operations on society and the environment. Therefore, we are committed to establishing long-term and stable partnership with our suppliers to ensure the stability of the quality of supplied goods and output products.

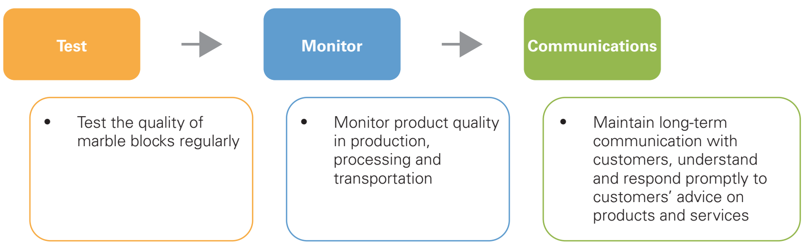
Quality Assurance

Our products are mainly marble blocks extracted from Yiduoyan Marble Mine at Xiaoyan Town, Nanzhang County. The products, which are divided into three categories: pattern, grain-free and twill, are supplied to downstream customers (mainly including decoration companies and specifications stone processors) of the industry.

Our processed marble blocks are all sampled and tested by the National Stone Quality Supervision and Testing Center and the National Test Center of Building Materials to ensure that they meet the quality standards. Our deputy chief engineers and technical consultants are responsible for the internal quality control of the products, and the mining chief is responsible for on-site support. Our technicians, engineers and consultants have extensive industrial, technical, legal or management experience which ensures that all the Company's products meet relevant quality control standards.

We will test the quality, such as colours, patterns and spots of marble blocks before shipment to customers, to fully ensure that the products meet relevant standards. Our customers also come to their own choice of satisfactory blocks from time to time. There were no complaints or product recalls due to the quality of marble blocks of Future Bright during the year.

Product quality control measures



Compliant Operation

In the course of our business, we attach great importance to the confidentiality of business information and prohibit our employees from disclosing customer information to others without permission to protect the privacy of customers.

We observe and protect intellectual property rights, and oppose any form of intellectual property infringement. We have included this provision in our employee handbooks and ensured its strict implementation through corporate policies, systems and processes.

Without infringing the intellectual property rights of others, we also actively protect our interests from infringement by applying rules of intellectual properties. The Company's logo and major product names ("銀狐灰" (silver fox grey) and "銀白玉" (silver white jade)) have been registered as trademarks, and the company logo has also been registered copyright.

高鵬矿业
Future Bright Mining

Company Logo that have been registered trademark and copyright

ATTENTION TO OUR EMPLOYEES

In line with the continuous development of corporate business, our human resources and administrative work focuses on how to create a safe and secure working environment for employees with different backgrounds, positions, education levels and offer them fair opportunities for work, learning and promotion. Future Bright is committed to encouraging employees to give full play to their own values according to their own interests and expertise and create a harmonious, efficient, and friendly working atmosphere.

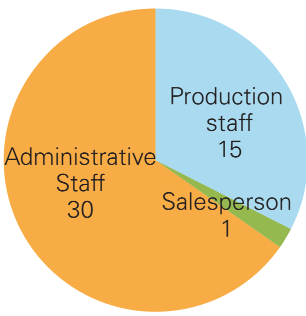
To this end, we adhere to the people-oriented concept, ensure the production and operation safety with a strong sense of responsibility under a well-established work flow framework, and carry out employee assessment work with a fair and impartial attitude. In addition, we provide our employees with various training opportunities so that they can develop and grow comprehensively.

Employee Overview

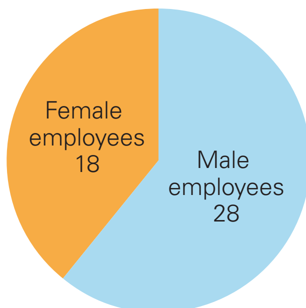
Employees are our most valued intangible assets and guarantee greater development of the Company in the future. Therefore, we strictly comply with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and the local labour security laws and regulations to ensure that the rights of all employees are protected. Our labour contracts and employee handbooks set out terms and conditions relating to employee compensation, resignation, working hours, holidays and other benefits.

As of 31 December 2017, Future Bright had 46 employees in total, all of whom were contracted employees and 15 were production employees.

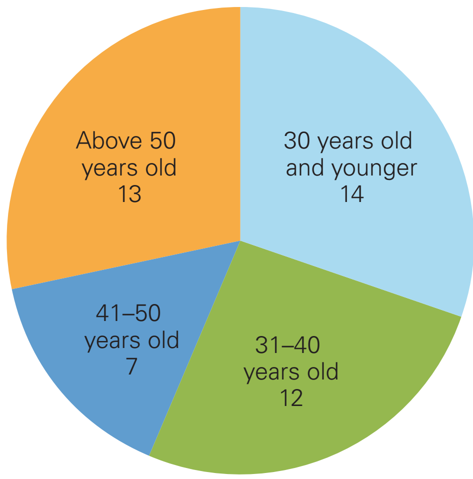
Number of employees by type



Number of employees by gender



Number of employees by age



We also regard equal opportunities, fair recruitment and anti-discrimination as our important human resources policies. We are committed to creating a fair and equitable working environment and ensuring that opportunities such as recruitment, assessment and promotion are not affected by gender, age, region, marital status, race, sexual orientation of candidates or employees.

We absolutely prohibit the use of child labour under any circumstances. In order to prevent the occurrence of forced labour, our employees' working schedules are in compliance with the local statutory working hours. To set suitable working hours for production front-line employees, we regularly adjust the timing of mining operations, and start and finish work on time to avoid fatigue and the hidden dangers caused by working in summer, at night and in bad weather.

During the reporting period, we did not use child labour or forced labour.

Employee Care

Sound employee relations are the cornerstone of maintaining team operations. In order to improve team cohesion, we provide a series of benefits for employees, and actively organise various activities on a regular basis or from time to time.

Holidays
Public holidays, annual leave, sick leave, compensatory time off, maternity leave, marriage leave, compassionate leave, high temperature leave and other leaves

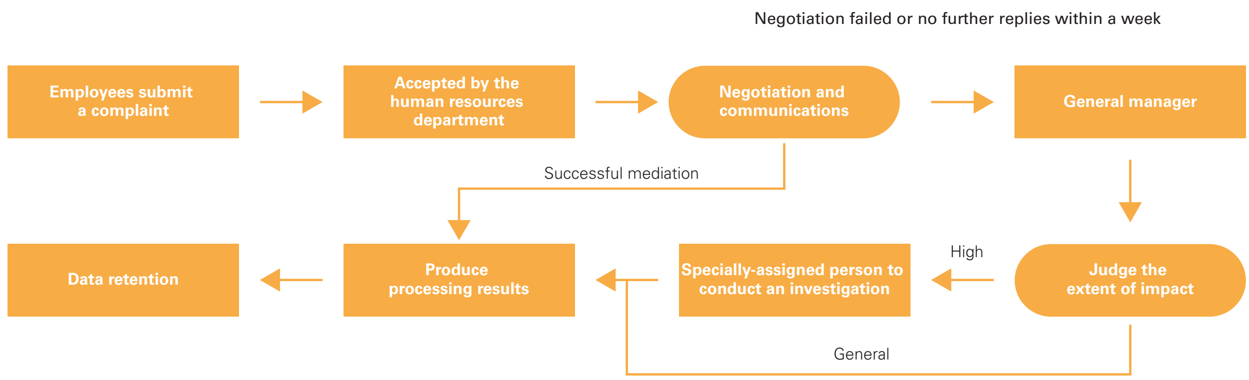
Subsidies
Festival bonus (such as allowances for Mid-Autumn Festival), year-end bonus, transportation subsidies for returning hometown, medical expenses, occupational disease prevention fees and collective canteen subsidies

Consolation and congratulation
Holiday consolations, consolatory visits to sick employees, congratulations on joyful events, and condolences for sorrowful events

Activities
Festival activities, birthday events, team building and potential exploration activities, and outings

Other benefits
Social insurance contributions are made on time, accommodation and annual all-season worker protection supplies for mining staff and annual physical examination for all staff

In addition to providing employees with competitive compensation and benefits, Future Bright established a sound channel for opinions and complaints. Employees who have suggestions for improving their daily production and operations can directly submit their proposals to the mining or office manager, who will then summarise such proposals and report to the Company's senior management. If the senior management considers it feasible through investigations and research, we will improve it in a timely manner and make adjustments. Any employee who believes to be treated unfairly or have different opinions on business management may also appeal to the senior management directly through the Company's complaint channel. We will promptly investigate into such cases and explain the handling results.



Turnover rate by type	Production staff	14%
	Salesperson	4%
	Administrative staff	17%
Turnover rate by gender	Male employees	24%
	Female employees	11%
Turnover rate by age	30 years old or younger	7%
	31–40 years old	6%
	41–50 years old	15%
	Above 50 years old	7%

Employee Development

Future Bright has always believed that the growth and development of employees can lay a solid foundation for improving corporate governance and market competitiveness. We continue to develop and enhance employees' individual capabilities and business skills by organising a series of internal and external training for employees of different positions. Future Bright also encourages our employees to participate in various practical courses and industry seminars at the expense of the Company.

Percentage of employees involved in the training (%)	97.8
Total training hours (hour)	224
Training hours of administrative staff (hour)	144
Training hours of production staff (hour)	80

Training for independent directors

- rights, obligations and liabilities of independent directors
- laws, regulations and policies in the securities market
- accounting standards and legal framework for the operation of listed companies

Training for financial staff

- legal framework for the Company's operation
- latest accounting standards
- related transactions, mergers and acquisitions and other relevant policies of listed companies
- information disclosure rules for company securities issuance
- use of financial software

Training for company secretary

- rights, obligations and liabilities of company secretary
- practices and operation of information disclosure standards of listed companies
- policies relating to refinance, mergers and acquisitions of listed companies

Training for administrative staff

- legal framework for the operation of listed companies
- basic information disclosure requirements for listed companies
- basic principles for governance of listed companies

Training for production technicians

- production and operation training
- training of machinery and equipment operation such as vehicles and excavators

Employee Safety

Safeguarding the occupational health and safety of our employees is our top priority. At Future Bright, to protect operation safety and reduce the risk of accidents, we have strengthened production safety management. By improving production safety facilities and regularly organising production safety training and exercises, we have enhanced the operation safety of the Company, while enabling our employees to build a strong culture of safety practices.

During the reporting period, there were no work-related deaths or injuries occurred in Future Bright.

Production Safety

Our production site, Xiangyang Yiduoyan Marble Mine, has the "Mining Safety" (before construction) and "Safety Acceptance Evaluation Report" (after completion) designed by a competent design department in place. In compliance with the relevant requirements of the "Safety Regulations for Metal and Nonmetal Mines" (《金屬非金屬礦山安全規程》) and the safety facilities of "Three Concurrences", our facilities, which were reviewed by an expert panel, passed the project review and the inspection and acceptance formalities with respect to safe production facilities by Xiangyang Administration of Work Safety (襄陽市安全生產監督管理局).

In daily production and operation activities, Future Bright strictly complied with the regulations including the Regulations on Production Safety Licence (安全生產許可證條例) and Measures on the Implementation of the Production Safety Permits of Non-coal Mine Enterprises (非煤礦礦山企業安全生產許可證實施辦法), as well as the requirements of local governments, land resources bureaus, production safety supervision and administration bureaus (i.e. the Safety Supervision Bureaus). By doing so, the security risks were reduced significantly. The specific measures are as follows:

- Adopt the mining model of "stripping before picking", and start from the top-to-bottom mining process with the height between steps in compliance with the relevant requirements
- Build special road access to connect with the working platforms to reduce the potential safety hazards of transporting materials and machinery in mining areas
- Set up a dust-proof water supply system
- Adopt the water sprays to suppress dust
- Distribute worker protection supplies and personal protective equipment on a regular basis
- Prohibit unauthorised personnel from entering the mine and erect fences and warning signs in dangerous areas
- Forbid construction at night or in rainy, snowy, windy and other bad weather conditions
- Signed mine rescue agreements with the Nanzhang mine rescue team for all-weather rescue
- Provide employees with annual physical examinations and only permit those who pass pre-employment physical examinations to carry out operations in dusty environment
- Engage qualified personnel and operators to carry out storage, transportation and demolition of blasting operations

Safety Signs and Protective Facilities

In order to further implement laws and regulations on production safety, we have formulated a series of internal operating procedures and systems on production safety in light of our actual production conditions, including safety training, drills and daily production meetings.

Production safety meeting system	Operation safety system of the power room	Power safety management system
Accommodation management system of mining areas	Vehicle safety management practices	Fire management system
Excavator safety operating procedures	Operation safety procedures for welding gas cutting	Equipment patrol and inspection system
Operation procedures for rock drills	Operation regulations on diamond wire saws	Accident and emergency rescue plan (interim)

Production Safety Meeting System

In order to timely understand production safety conditions within the mining areas, strengthen production safety management, and implement preventive measures for production safety, a production safety meeting system is implemented by Future Bright. Our production safety meetings are categorised into four types, and records are maintained for such meetings.

Daily production meetings: The management at the mining area is responsible for convening such a meeting every day.	**Company-level production safety meetings:** Our deputy general manager will be responsible for convening such meetings wherever appropriate.
Professional production safety meetings: Future Bright will designate specialists to convene such meetings wherever appropriate.	**Emergency meetings:** Subject to actual conditions, the senior management of Future Bright will decide whether to convene such meetings.

Safety Training

As the leading member of the Nanzhang County Production Safety Association (南漳縣安全生產協會) and a member of the Production Safety Committee (安全生產委員會), we proactively communicate our industry peers as members of the association with the support and assistance from the safety regulatory authorities at all levels. In addition, we continue to increase our investments in safety training programs, while vigorously improving the quality of safety training.

- We in conjunction with the regulatory authorities organise and hold production safety promotion and training programs during the month of production safety awareness enhancement.
- Our production operators receive regular operation safety training, and only continue their position after being determined as eligible.
- All responsible officers of members of the Group regularly attend the production safety observation and learning activities organised by the Nanzhang Administration Office of Production Safety.
- We participate in regular safety and fire drills.
- We proactively participate in production safety training organised by local government bodies, in particular training for officers in charge of occupational and sanitation management.
- We organise three-level training and special training courses intended for personnel exposed to occupational health and safety risks or engaged in special operations.

Office Safety

We will improve the standards of our daily office environments so that our employees will access safe and comfortable workplace conditions, which in return will be conducive to enhancing the work efficiency of our employees, as well as attracting talents. In addition, such improvement will also help to improve our brand image. On the other hand, workplace safety also represents the foundation for safeguarding personnel safety of our employees.

After sorting out and assessing various possible scenarios of safety risks, we determined the fire risks and bad weather conditions as the key precautions for workplace safety and therefore formulated emergency plans.

In strict compliance with the regulatory requirements set by the fire-fighting authorities, we purchase, deploy, and maintain fire-fighting equipment. When a red warning (in case of Mainland China) or a black warning (in case of Hong Kong) with respect to rainstorms, blizzards, typhoons, or other bad weather conditions are issued in the city where our workplaces are located, we will timely understand and evaluate the workplace conditions of our employees to call off the work arrangement, advise our employees to avoid unnecessary outdoor activities, and remain in secure sites.

Contribution to communities

Besides pursuing corporate development, Future Bright adheres to a strong sense of responsibility and our mission by actively making contributions to the communities and committing to social welfare causes. As a responsible corporate citizen, Future Bright pays close attention to community needs. To promote harmony in communities, the Group collaborates with various charity organisations by sponsoring community activities, caring for the vulnerable groups in the communities, and supporting the health and education issues inside communities.

Public welfare recognitions and honors

We recognise that we will only earn support and respect from the communities and their residents by fully understanding the mutual impacts between our own operations and the communities, as well as making best efforts to carry out our initiatives to assist communities in resolving issues. Since our listing, we have been vigorously supporting charity actions taken by the Community Chest of Hong Kong. On the date of listing in 2015, we donated HK$1 million, which was utilised for those in need, including improvement in the quality of senior homes, children and adolescents, family and children welfare, medical treatment and healthcare, rehabilitation and crime prevention, and community development and services. In the same year, we received the "President's Award". In May 2017, we continued to donate HK$500,000 to the Community Chest of Hong Kong for the Night of Fujian under Renowned Chefs for the Chest Charity Dinner.

Children's wellbeing

Future Bright has always been supporting scientific education, chiropractic examination, and voluntary diagnosis services from the Children Chiropractic Foundation, which aims to promote a healthy and balanced lifestyle among the public. In May and November 2016, we made two donations of HK$1 million in total to the Children Chiropractic Foundation. Subsequently on 24 July 2017, we further donated HK$1 million to the Children Chiropractic Foundation in a bid to assist children from low-income families in pursuing their lifetime dreams in a sound growing environment.

兒 童 脊 科 基 金 有 限 公 司
Children Chiropractic Foundation Limited

正 式 收 據
OFFICIAL RECEIPT

茲收到
Received with thanks from: Future Bright Mining Holdings Limited

捐款港幣
Donation in sum of HK Dollars: One Million Dollars Only

HK$ 1,000,000.00

Children Chiropractic Foundation Limited

Care for Autism Spectrum Disorders

Autism is a nerve development disorder, which usually happens during the early period of a child's life. Specialised treatment and specialised education will help a percentage of autistic individuals to improve their social skills significantly so that they can engage in mainstream education and social activities. We strongly believe that autistic individuals should enjoy the same equal access to public rights and respect from communities. By paying attention to and supporting the education and development of the autistic groups, Future Bright establishes good partnership with Anan Int'l Education Foundation H.K. to support autism education work in Mainland China and Hong Kong, including establishment of non-profit rehabilitation centers, organisation of public welfare seminars, diagnosis, instructor training, parenting education, and social advocacy. On 4 January 2017, we donated HK$200,000 to the Music Care Project of Anan Int'l Education Foundation H.K.

香港安安國際自閉症教育基金會
ANAN INT'L EDUCATION FOUNDATION H.K.

Music Care 音樂關愛

Charity Concert of Music Care Project

Community Services

We support various activities to promote communications among community residents, build mutual caring assistance, and develop a harmonious community environment. Therefore, we collaborate with the Assembly of God Grace Light Church, a charity organisation approved by the Government of Hong Kong, and render tremendous support to their social caring services and actions, including community care, support, guidance, medical treatment, and rehabilitation work. On 23 June 2017, we donated HK$500,000 to the Assembly of God Grace Light Church, Limited in support of the construction of a new social service center.

神召會恩光堂
Assembly of God Grace Light Church
社會服務部 Social Services Department

APPENDIX: INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Subject Areas, Aspects, General Disclosures and KPIs		**2017 ESG Report**
A. Environment		
Aspect A1	**Emissions**	
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Compliant Emission
Key Performance Indicators A1.1	The types of emissions and respective emissions data.	Compliant Emission
Key Performance Indicators A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Compliant Emission
Key Performance Indicators A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	No hazardous waste emissions are generated in the course of business
Key Performance Indicators A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Compliant Emission
Key Performance Indicators A1.5	Description of measures to mitigate emissions and results achieved.	Compliant Emission
Key Performance Indicators A1.6	Description of how hazardous and non-hazardous waste are handled, reduction initiatives and results achieved.	Compliant Emission

Subject Areas, Aspects, General Disclosures and KPIs		2017 ESG Report
Aspect A2	**Use of Resources**	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Resources can be used for production, storage, transportation, buildings, electronic equipment.	Use of Resources
Key Performance Indicators A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources
Key Performance Indicators A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources
Key Performance Indicators A2.3	Description of energy use efficiency initiatives and results achieved.	Use of Resources
Key Performance Indicators A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources
Key Performance Indicators A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable, no packaging materials are involved in the production process
Aspect A3	**Environment and Natural Resources**	
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Ecological Maintenance
Key Performance Indicators A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Ecological Maintenance
Aspect B1	**Employment**	
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Attention to our employees
Key Performance Indicators B1.1	Total workforce by gender, employment type, age group and geographical region.	Employee Overview
Key Performance Indicators B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Care

Subject Areas, Aspects, General Disclosures and KPIs		2017 ESG Report
Aspect B2	**Health and Safety**	
General Disclosure	Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on providing a safe working environment and protecting employees from occupational hazards.	Employee Safety
Key Performance Indicators B2.1	Number and rate of work-related fatalities.	No such incidents occurred
Key Performance Indicators B2.2	Lost days due to work injury	No such incidents occurred
Key Performance Indicators B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employee Safety
Aspect B3	**Development and Training**	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Training refers to occupational training, including internal and external courses paid by the employer.	Employees' Development
Key Performance Indicators B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employees' Development
Key Performance Indicators B3.2	The average training hours completed per employee by gender and employee category.	Employees' Development
Aspect B4	**Employee Guidelines**	
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employee Overview
Key Performance Indicators B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee Overview
Key Performance Indicators B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Overview

Subject Areas, Aspects, General Disclosures and KPIs		**2017 ESG Report**
Aspect B5	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Responsible Procurement
Key Performance Indicators B5.1	Number of suppliers by geographical region.	Responsible Procurement
Key Performance Indicators B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Responsible Procurement
Aspect B6	**Product Responsibility**	
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Quality Assurance
Key Performance Indicators B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality Assurance
Key Performance Indicators B6.2	Number of products and service related complaints received and how they are dealt with.	Quality Assurance
Key Performance Indicators B6.3	Description of practices relating to observing and protecting intellectual property rights	Compliant Operation
Key Performance Indicators B6.4	Description of quality assurance process and recall procedures.	Quality Assurance
Key Performance Indicators B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Compliant Operation

Subject Areas, Aspects, General Disclosures and KPIs		**2017 ESG Report**
Aspect B7	**Anti-corruption**	
General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Integrity Mechanism
Key Performance Indicators B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Integrity Mechanism
Key Performance Indicators B3.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Integrity Mechanism
Aspect B8	**Community Investment**	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social Contribution
Key Performance Indicators B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Contribution
Key Performance Indicators B8.2	Resources contributed (e.g. money or time) to the focus area.	Social Contribution

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To the Shareholders of Future Bright Mining Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Future Bright Mining Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 78 to 139, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities* for *the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
1. Impairment assessment on non-financial assets (other than goodwill)	
The Group's non-financial assets mainly comprised a mining right and property, plant and equipment during the year. The assessment of the existence of indicators of impairment of the carrying amount of non-financial assets is judgemental. In the event that indicators are identified, the assessment of recoverable amounts of non-financial assets is also judgemental. The estimates involved are particularly significant due to volatility of marble price, the estimation of future production and the uncertainty in connection with future economic outlook. The changes in the economic environment in China may lead to a decrease in production, revenue and profitability of the Group. Management determined that indicators of impairment on non-financial assets existed as at the end of the reporting period. Accordingly, management performed impairment assessment on non-financial assets and no impairment loss was recognised during the year ended 31 December 2017. Related disclosures are included in notes 3, 13 and 16 to the financial statements.	We evaluated the impairment test model for the mining right and property, plant and equipment by assessing the impairment assessment methodologies and key assumptions used, such as the marble price, estimated future production volume, estimated gross margin and discount rates used by the Group in determining the recoverable amounts of non-financial assets.
2. Recoverability of trade receivables	
As at 31 December 2017, the Group had overdue trade receivable balances, and management had to assess whether impairment provision was recognised for them. The determination as to whether a trade receivable is collectable involves management judgement. Specific factors management considers include the ageing of the balance, business nature of the customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of counterparties. Management used these factors to determine whether a provision for impairment is required either for a specific transaction or for the total balance with a customer. We focused on this area because it requires a high level of management judgement and the amounts involved are significant. Related disclosures are included in notes 3 and 19 to the financial statements.	We examined management's assessment of the recoverability of trade receivables by checking, on a sampling basis, the bank-in slips for the settlements received subsequent to the end of the reporting period, the correctness of trade receivable ageing report, the recent historical payment patterns and the correspondence with customers. We interviewed with the sales personnel of the Group and obtained confirmations from the customers. We also assessed the adequacy of the related disclosures made in the financial statements.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
3. Acquisition of a subsidiary — purchase price allocation	
On 26 July 2017, the Group acquired a 100% equity interest of Imperial Dragon Finance Limited. Imperial Dragon Finance Limited is engaged in the money lending business in Hong Kong. The purchase consideration amounted to HKD7,239,000 (equivalent to approximately RMB6,260,000), and goodwill of RMB4,395,000 was recognised. Management engaged an external valuation expert to determine the fair values of the identifiable assets and liabilities of Imperial Dragon at the acquisition date. The determination of the above fair values required a significant amount of management estimation and judgements. Related disclosures are included in notes 3, 16 and 30 to the financial statements.	We assessed the identification and valuation of the tangible assets and intangible assets acquired and liabilities assumed. We evaluated the competency and objectivity of the external valuation expert engaged by management and involved our internal valuation experts to assist us in reviewing the valuation methodologies and the comparable transactions in the market applied by the external valuation expert. We assessed the inputs applied in the valuation for the determination of the fair value of intangible assets under the market method by considering the transaction dates, market circumstances and transaction targets of comparable transactions. We also assessed the related disclosures made in the financial statements.
4. Impairment of goodwill	
As at 31 December 2017, the goodwill of the Group amounted to RMB4,249,000. In accordance with IFRSs, the Group is required to perform impairment testing of goodwill at least on an annual basis. The impairment test was based on the recoverable amount of the cash-generating unit ("CGU"). Management measured the recoverable amount using the value-in-use calculation based on the discounted cash flows. This matter was significant to our audit because management's assessment process involved significant judgements and was based on assumptions about discount rates, growth rates and expected change in loan amount, which were affected by expected future market or economic conditions. Related disclosures are included in notes 3 and 15 to the financial statements.	We evaluated management's future cash flow forecasts and the process by which they were determined and approved, including checking the business plan, and checking the mathematical accuracy of the underlying calculations. We assessed supporting evidence regarding the carrying value of goodwill, and the related disclosures, through checking key assumptions in the cash flow forecasts by comparing them to historical results and business plan. We involved our internal valuation experts to assist us in reviewing the methodology and discount rates. We performed sensitivity analyses on the key assumptions used in the cash flow forecasts. We also assessed the related disclosures made in the financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Siu Fung Terence Ho.

Ernst & Young
Certified Public Accountants
Hong Kong

28 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
REVENUE	5	**42,540**	12,909
Cost of sales		**(32,610)**	(3,805)
Gross profit		**9,930**	9,104
Other income and gains	5	**2,109**	536
Selling and distribution expenses		**(2,251)**	(2,108)
Administrative expenses		**(48,927)**	(16,341)
Other expenses		**(3,188)**	(2,030)
Finance costs	7	**(70)**	(66)
LOSS BEFORE TAX	6	**(42,397)**	(10,905)
Income tax expense	10	**(831)**	(1,004)
LOSS FOR THE YEAR		**(43,228)**	(11,909)
Attributable to:			
Owners of the parent		**(43,171)**	(11,909)
Non-controlling interests		**(57)**	—
		(43,228)	(11,909)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted			
— For loss for the year		**RMB1.16 cents**	RMB0.34 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	2017 RMB'000	2016 RMB'000
LOSS FOR THE YEAR	**(43,228)**	(11,909)
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(3,565)**	2,705
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(3,565)**	2,705
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(46,793)**	(9,204)
Attributable to:		
Owners of the parent	**(46,736)**	(9,204)
Non-controlling interests	**(57)**	—
	(46,793)	(9,204)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	31 December 2017 RMB'000	31 December 2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	19,420	20,224
Long-term prepayments	14	754	541
Goodwill	15	4,249	—
Other intangible assets	16	35,940	37,908
Total non-current assets		60,363	58,673
CURRENT ASSETS			
Inventories	18	2,387	2,211
Trade receivables	19	34,285	15,719
Prepayments, deposits and other receivables	20	9,998	1,111
Equity investments at fair value through profit or loss	21	11,489	—
Loans receivables	22	5,852	—
Cash and cash equivalents	23	19,270	22,641
Total current assets		83,281	41,682
CURRENT LIABILITIES			
Trade payables	24	150	—
Other payables and accruals	25	2,464	2,882
Tax payable		474	582
Total current liabilities		3,088	3,464
NET CURRENT ASSETS		80,193	38,218
TOTAL ASSETS LESS CURRENT LIABILITIES		140,556	96,891
NON-CURRENT LIABILITIES			
Deferred tax liabilities	17	9,810	9,956
Provision for rehabilitation	26	1,108	1,038
Total non-current liabilities		10,918	10,994
Net assets		129,638	85,897

	Notes	31 December 2017 RMB'000	31 December 2016 RMB'000
EQUITY			
Equity attributable to owners of the parent			
Share capital	27	**3,087**	2,782
Reserves	29	**126,608**	83,115
		129,695	85,897
Non-controlling interests		**(57)**	—
Total equity		**129,638**	85,897

Ms. Liu Jie
Director

Ms. Yang Xiaoqiu
Director

	Attributable to owners of the parent										
	Share capital	Share premium*	Share option reserve*	Capital reserve*	Contributed reserve*	Safety fund surplus reserve*	Statutory reserve fund*	Foreign currency translation reserve*	Accumulated losses*	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 27)	(Note 27)	(Note 28)	(Note 29)	(Note 29)	(Note 29)	(Note 29)				
At 1 January 2017	2,782	58,174	–	24,216	34,152	78	–	5,306	(38,811)	–	85,897
Loss for the year	–	–	–	–	–	–	–	–	(43,171)	(57)	(43,228)
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	(3,565)	–	–	(3,565)
Total comprehensive loss for the year	–	–	–	–	–	–	–	(3,565)	(43,171)	(57)	(46,793)
Establishment for safety fund surplus reserve	–	–	–	–	–	60	–	–	(60)	–	–
Use of safety fund surplus reserve	–	–	–	–	–	(19)	–	–	–	–	(19)
Transfer from retained profits	–	–	–	–	–	–	238	–	(238)	–	–
Share placing	305	62,912	–	–	–	–	–	–	–	–	63,217
Share issue expenses	–	(1,769)	–	–	–	–	–	–	–	–	(1,769)
Issue of share options	–	–	29,105	–	–	–	–	–	–	–	29,105
At 31 December 2017	3,087	119,317	29,105	24,216	34,152	119	238	1,741	(82,280)	(57)	129,638
At 1 January 2016	2,782	58,174	—	24,216	34,152	67	—	2,601	(26,888)	—	95,104
Loss for the year	—	—	—	—	—	—	—	—	(11,909)	—	(11,909)
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	2,705	—	—	2,705
Total comprehensive income/(loss) for the year	—	—	—	—	—	—	—	2,705	(11,909)	—	(9,204)
Establishment for safety fund surplus reserve	—	—	—	—	—	14	—	—	(14)	—	—
Use of safety fund surplus reserve	—	—	—	—	—	(3)	—	—	—	—	(3)
At 31 December 2016	2,782	58,174	—	24,216	34,152	78	—	5,306	(38,811)	—	85,897

* These reserve accounts comprise the consolidated reserves of RMB126,608,000 as at 31 December 2017 (31 December 2016: RMB83,115,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax	6	(42,397)	(10,905)
Adjustments for:			
Finance costs	7	70	66
Interest income	5	(517)	(21)
Gain on disposal of subsidiaries	5	—	(39)
Fair value losses of equity investments at fair value through profit or loss	6	1,073	—
Use of safety fund surplus reserve		(19)	(3)
Depreciation	6, 13	2,916	1,722
Amortisation of a long-term prepayment	6, 14	92	57
Amortisation of intangible assets	6, 16	2,386	1,733
Equity-settled share option expense	6, 28	29,105	—
		(7,291)	(7,390)
(Increase)/decrease in inventories		(176)	2,238
Increase in trade receivables		(17,747)	(9,721)
Increase in prepayments, deposits and other receivables		(8,343)	(107)
Increase in trade payables		150	—
(Decrease)/increase in other payables and accruals		(434)	595
Cash used in operations		(33,841)	(14,385)
Interest received	5	21	21
Income taxes paid		(1,154)	(18)
Net cash flows used in operating activities		(34,974)	(14,382)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		262	—
Purchases of items of property, plant and equipment and other long-term assets		(2,112)	(1,592)
Payment for farmland occupation tax		(305)	—
Purchases of equity investments at fair value through profit or loss		(12,562)	—
Provided loan receivables		(5,852)	—
Acquisition of a subsidiary	30	(5,869)	—
Disposal of a subsidiary		—	39
Increase in loans receivable		(5,852)	—
Net cash flows used in investing activities		(26,438)	(1,553)

	Notes	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from placing of shares	27	63,217	—
Share placing expenses	27	(1,769)	—
Net cash flows from financing activities		61,448	—
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		36	(15,935)
Cash and cash equivalents at beginning of year		22,641	35,871
Effect of foreign exchange rate changes, net		(3,407)	2,705
CASH AND CASH EQUIVALENTS AT END OF YEAR		19,270	22,641
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	19,270	22,641

1. CORPORATE AND GROUP INFORMATION

The Company was an exempted company with limited liability incorporated 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.

During the year, the Group was involved in the following principal activities:

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

Information about subsidiaries

Particulars of the Company's principal subsidiaries 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	US$50,000	100	—	Investment holding
Future Bright (H.K.) Investment Limited	Hong Kong	HKD10,000	—	100	Commodity trading
Future Bright Enterprise Group 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
Guangdong Future Bright Materials Limited**	PRC/China Mainland	RMB10,000,000	—	100	Wholesaling of construction and decoration materials
Future Bright Huanshuo (Xiamen) Building Materials Technology Company Limited***	PRC/Mainland China	RMB23,000,000	—	60	Wholesaling of construction and decoration materials
Future Bright Manganese Company Limited	Hong Kong	HKD10,000,000	—	51	Commodity trading

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Future Bright Lithium Technology Company Limited	Hong Kong	HKD10,000,000	—	51	Commodity trading
Imperial Dragon Finance Limited (currently known as Future Bright Finance Limited)	Hong Kong	HKD10,000	—	100	Money lending
GoGo Education Group Limited	Hong Kong	HKD1	—	100	Education

* Xiangyang Future Bright Mining Limited is registered as a wholly-foreign-owned enterprise under PRC law.

** Guangdong Future Bright Materials Limited is a limited liability company wholly owned by Xiangyang Future Bright Mining Limited under PRC law.

*** Future Bright Huanshuo (Xiamen) Building Materials Technology Company Limited is a limited liability company jointly invested by Future Bright (H.K.) Investment Limited and Xiamen Huanshuo Trading Limited under PRC law.

During the year, the Group acquired Imperial Dragon Finance Limited (currently known as Future Bright Finance Limited) from a third party. Further details of this acquisition are included in note 30 to the financial statements.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year 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.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB") and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, certain buildings classified as property, plant and equipment, derivative financial instruments and equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12 included in *Annual Improvements to IFRSs 2014–2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of IFRS 12*

The nature and the impact of the amendments are described below:

(a) Amendments to IAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Disclosure of the changes in liabilities arising from financing activities is provided in note 31(b) to the financial statements.

(b) Amendments to IAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

(c) Amendments to IFRS 12 clarify that the disclosure requirements in IFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of IFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective, in these financial statements:

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*[1]
IFRS 9	*Financial Instruments*[1]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*[1]
IFRS 16	*Leases*[2]
IFRS 17	*Insurance Contracts*[3]
Amendments to IAS 40	*Transfers of Investment Property*[1]
IFRIC-22	*Foreign Currency Transactions and Advance Consideration*[1]
IFRIC-23	*Uncertainty over Income Tax Treatments*[2]
Amendments to IAS 28	*Long-term interests in Associates and Joint Ventures*[1]
Amendments to IAS 19	*Employee benefits*[2]
Annual Improvements 2014–2016 Cycle	*Amendments to IFRS 1 and IAS 28*[1]
Annual Improvements 2015–2017 Cycle	*Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23*[2]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 Effective for annual periods beginning on or after 1 January 2021

4 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group described below.

The IASB issued amendments to IFRS 2 in June 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if they elect to adopt for all three amendments and other criteria are met. The Group will adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt IFRS 9 from 1 January 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018. During 2017, the Group has performed a detailed assessment of the impact of the adoption of IFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of IFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value, and to continue measuring at amortised cost all financial assets currently measured at amortised cost.

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables and loan receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months. The Group does not expect the loss allowance to be significantly different upon application of the expected credit loss model.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IFRS 15, issued in May 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In April 2016, the IASB issued amendments to IFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt IFRS 15 and decrease the cost and complexity of applying the standard. The Group plans to adopt the transitional provisions in IFRS 15 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2018. In addition, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018. The Group expects that the transitional adjustment to be made on 1 January 2018 upon initial adoption of IFRS 15 will not be material. However, the expected changes in accounting policies, as further explained below, will have a material impact on the Group's financial statements from 2018 onwards. During 2017, the Group has performed a detailed assessment on the impact of the adoption of IFRS 15. Based on the assessment, the Group anticipates that the adoption of IFRS 15 is unlikely to have any significant impact on the revenue recognition except for the presentation and disclosures as follows.

The Group's principal activities consist of the excavation and sale of marble blocks, production and sale of marble related products and trading of mineral commodities. The expected impacts arising from the adoption of IFRS 15 on the Group are summarised as follows:

(a) Presentation and disclosure

The presentation and disclosure requirements in IFRS 15 are more detailed than those under the current IAS 18. The presentation requirements represent a significant change from current practice and will significantly increase the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in IFRS 15 are new and the Group has assessed that the impact of some of these disclosure requirements will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made on determining the transaction prices of those contracts that include variable consideration, how the transaction prices have been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling price of each performance obligation. In addition, as required by IFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IFRS 16, issued in January 2016, replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases — Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt IFRS 16 from 1 January 2019. The Group is currently assessing the impact of IFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 32 to the financial statements, at 31 December 2017, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately RMB2,249,000. Upon adoption of IFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

IFRIC 23, issued in June 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation of items of property, plant and equipment, other than mining infrastructure, is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	9.70% to 32.33%
Plant and machinery	9.70% to 19.40%
Motor vehicles	24.25%
Office equipment	19.40% to 32.33%

Depreciation of mining infrastructure is calculated using the Units of Production ("UOP") method to write off the cost of the assets proportionate to the extraction of the proved and probable mineral reserves. The estimated useful life of the mining infrastructure is 20 years, which is determined in accordance with the production plans of the entities concerned and the proved and probable reserves of mines using the UOP method.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents items of property, plant and equipment under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Stripping costs

As part of its mining operations, the Group incurs stripping (waste removal) costs during the development phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised in property, plant and equipment as part of the cost of constructing the mine and subsequently amortised over its useful life using the UOP method.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Mining right

Mining right is stated at cost less accumulated amortisation and any impairment losses. Mining right includes the cost of acquiring mining licences, exploration and evaluation costs transferred from exploration rights and assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining right is amortised over the estimated useful lives of the mines, in accordance with the production plans of the entities concerned and the proved and probable reserves of the mines using the UOP method. The mining right is written off to profit or loss if the mining property is abandoned.

The estimated useful life of the mining right is based on its unexpired period, i.e., no later than 30 December 2021.

Money lending licence

Money lending licence is stated at cost less any impairment losses. The cost of a money lending licence acquired in a business combination is the fair value at the date of acquisition. The money lending licence will not be amortised until its useful life is determined to be finite, but subject to impairment testing annually.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Subsequent measurement

The subsequent measurement of loans and receivables is as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as other expenses in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and accruals.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Provisions for the Group's obligations for rehabilitation are based on estimates of required expenditure at the mines in accordance with the PRC rules and regulations. The obligation generally arises when the asset is installed or the ground environment is disturbed at the mining operation's location. The Group estimates its liabilities for final rehabilitation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining infrastructure.

Over time, the discounted liability is increased for the change in present value based on the appropriate discount rate. The periodic unwinding of the discount is recognised within finance costs in the statement of profit or loss. The asset is depreciated using the UOP method over its expected life and the liability is accreted to the projected expenditure. Additional disturbances or changes in estimates will be recognised as additions or changes to the corresponding assets and rehabilitation liabilities when they occur at the appropriate discount rate.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants
Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition
Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, in the period in which the services are rendered; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 28 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the subsidiaries in Mainland China are required to participate in a defined central pension scheme managed by the local municipal government of the areas in Mainland China in which they operate. The subsidiaries are required to contribute a certain percentage of the relevant part of the payroll of these employees to the central pension scheme. The Group has no obligation for the payment of retirement benefits beyond the annual contributions. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund

Contributions to a defined contribution housing fund administered by the Public Accumulation Funds Administration Centre in Mainland China are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's liability in respect of the housing fund is limited to the contribution payable in each period.

Foreign currencies

These financial statements are presented in RMB. The functional currency of the Company is the Hong Kong dollar ("HKD"). The Company's presentation currency is RMB because the Group's principal operations are carried out in Mainland China. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using the functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of the Company and certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)
Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and liabilities affected in the future.

Estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Impairment of goodwill
The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2017 was RMB4,249,000 (2016: Nil). Further details are given in note 15.

Impairment of non-financial assets (other than goodwill)
The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Intangible assets with indefinite useful lives or intangible assets not yet available for use are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of trade receivables

The provision policy for impairment of trade receivables is based on ongoing evaluation of the collectability and ageing analysis of the outstanding receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of those receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances might be required. The carrying amount of trade receivables carried in the consolidated statement of financial position as at 31 December 2017 was RMB34,285,000 (2016: RMB15,719,000).

Acquisition of a subsidiary — purchase price allocation

On 26 July 2017, the Group acquired a 100% equity interest of Imperial Dragon Finance Limited (currently known as Future Bright Finance Limited) ("Imperial Dragon"). Imperial Dragon is engaged in the money lending business in Hong Kong. The purchase consideration amounted to HKD7,239,000 (equivalent to approximately RMB6,260,000), and goodwill of RMB4,395,000 was recognised. Management engaged an external valuation expert to determine the fair values of the identifiable assets and liabilities of Imperial Dragon at the acquisition date. The determination of the above fair values required a significant amount of management estimation and judgements. Those uncertainties may result in different amounts of assets and liabilities recognised in the consolidated statement of financial position as well as goodwill recognised. The carrying amount of goodwill as at 31 December 2017 was RMB4,249,000. Further details are given in note 30.

Mine reserves

Engineering estimates of the Group's mine reserves are inherently imprecise and represent only approximate amounts because of the significant judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mine reserves can be designated as "proved" and "probable". Proved and probable mine reserve estimates are updated at regular intervals taking into account recent production and technical information about each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable mine reserves also changes. This change is considered as a change in estimate for accounting purposes and is reflected on a prospective basis in the amortisation rate calculated on the UOP basis and the time period for discounting the rehabilitation provision. Changes in the estimate of mine reserves are also taken into account in impairment assessments of non-current assets.

Useful lives of property, plant and equipment

The Group estimates useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and actions of its competitors. Management will increase the depreciation charge where useful lives are less than previously estimated, or it will record an impairment provision for technically obsolete assets that have been abandoned. The carrying amount of property, plant and equipment as at 31 December 2017 was RMB19,420,000 (2016: RMB20,224,000).

3. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for rehabilitation

Provision for rehabilitation is based on estimates of future expenditures incurred by management to undertake rehabilitation and restoration work which are discounted at a rate reflecting the term and nature of the obligation to their present value. Significant estimates and assumptions are made in determining the provision for rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rate. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the end of the reporting period represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the consolidated statement of financial position by adjusting the rehabilitation asset and liability. The carrying amount of provision for rehabilitation as at 31 December 2017 was RMB1,108,000 (2016: RMB1,038,000).

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. Management reassesses these estimates at the end of each reporting period. The carrying amount of inventories as at 31 December 2017 was RMB2,387,000 (2016: RMB2,211,000).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the marble blocks segment is a supplier of marble blocks mainly for further processing, construction or trading;

(b) the commodity trading segment conducts trading business of commodities; and

(c) the "others" segment comprises, principally, the Group's money lending services, which provide loans to customers and generate interest income.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's loss before tax except that interest income, finance costs, dividend income, fair value gains/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, pledged deposits, cash and cash equivalents, equity investments at fair value through profit or loss, derivative financial instruments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings, an amount due to the ultimate holding company, convertible bonds, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2017	Marble blocks RMB'000	Commodity trading RMB'000	Others RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	15,079	27,461	–	42,540
Intersegment sales	1,133		–	1,133
	16,212	27,461	–	43,673
Reconciliation:				
Elimination of intersegment sales				(1,133)
Revenue				42,540
Segment results	1,384	(2,766)	(37)	(1,419)
Reconciliation:				
Elimination of intersegment results				(570)
Interest income				517
Finance costs				(70)
Corporate and other unallocated expenses				(40,855)
Loss before tax				(42,397)
Segment assets	80,812	39,094	6,551	126,457
Reconciliation:				
Elimination of intersegment receivables				(18,301)
Corporate and other unallocated assets				35,488
Total assets				143,644
Segment liabilities	21,654	337	4	21,995
Reconciliation:				
Elimination of intersegment payables				(18,301)
Corporate and other unallocated liabilities				10,312
Total liabilities				14,006
Other segment information:				
Depreciation and amortisation	4,694	367	–	5,061
Capital expenditure*	4	1,099	432	1,535

* Capital expenditure consists of additions to property, plant and equipment and intangible assets including assets from the acquisition of a subsidiary.

4. OPERATING SEGMENT INFORMATION (continued)

In the year ended 31 December 2016, the Group's revenue and contribution to consolidated results were derived from its sale of marble related products, which was regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for the purposes of resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	2017 RMB'000	2016 RMB'000
Hong Kong	25,526	—
Mainland China	17,014	12,909
	42,540	12,909

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

(b) Non-current assets

	2017 RMB'000	2016 RMB'000
Mainland China	54,286	58,662
Hong Kong	6,077	11
	60,363	58,673

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

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

	2017 RMB'000	2016 RMB'000
Customer A	14,463	—
Customer B	8,017	—
Customer C	7,551	—
Customer D	—	7,403
Customer E	—	3,572
Customer F	—	1,934

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

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

	2017 RMB'000	2016 RMB'000
Revenue		
Sale of goods	42,540	12,909
	42,540	12,909
Other income		
Interest income from loans receivable	496	—
Bank interest income	21	21
Rendering of services	382	476
Others	29	—
	928	497
Gains		
Foreign exchange differences, net	1,181	—
Gain on disposal of subsidiaries	—	39
	2,109	536

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2017 RMB'000	2016 RMB'000
Cost of inventories sold	32,610	3,805
Staff costs (including directors' remuneration (note 8)):		
Wages and salaries	7,998	6,390
Equity-settled share option expense	29,105	—
Pension scheme contributions	372	200
	37,475	6,590
Auditor's remuneration	1,155	1,050
Amortisation of intangible assets (note 16)	2,386	1,733
Amortisation of a long-term prepayment (note 14)	92	57
Depreciation of items of property, plant and equipment (note 13)	2,916	1,722
Fair value losses of equity investments at fair value through profit or loss	1,073	—
Foreign exchange differences, net	(1,181)	1,158
Minimum lease payments under operating leases	1,950	1,205

7. FINANCE COSTS

	2017 RMB'000	2016 RMB'000
Interest on discounted provision for rehabilitation	70	66
	70	66

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2017 RMB'000	2016 RMB'000
Fees	413	805
Other emoluments:		
Salaries, allowances and benefits in kind	2,011	2,249
Equity-settled share option expense	10,652	—
Pension scheme contributions	—	7
	13,076	3,061

(a) Independent non-executive directors

	Fees RMB'000	Equity-settled share option expense RMB'000	Total RMB'000
2017			
Mr. Chow Hiu Tung	128	304	432
Mr. Lau Tai Chim	128	304	432
Mr. Sin Ka King	64	—	64
Mr. Tsang Hing Hung	45	—	45
Mr. Lai Kwok Leung	48	304	352
	413	912	1,325
2016			
Mr. Chow Hiu Tung	161	—	161
Mr. Lau Tai Chim	134	—	134
Mr. Sin Ka King	134	—	134
Mr. Tsang Hing Hung	141	—	141
	570	—	570

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(a) Independent non-executive directors (continued)

Mr. Tsang Hing Hung and Mr. Sin Ka King resigned on 8 June 2017 and 17 August 2017, respectively. Mr Lai Kwok Leung was appointed non-executive director on 18 August 2017. There were no emoluments payable to the independent non-executive directors during the year (2016: Nil).

(b) Executive directors, non-executive directors and the chief executive

	Notes	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contribution RMB'000	Equity-settled share option expense RMB'000	Total RMB'000
2017						
Executive directors:						
Mr. Yuan Shan		–	117	–	–	117
Mr. Zhang De Cong		–	147	–	304	451
Ms. Lee Suk Fong	a	–	181	–	–	181
Mr. Wan Tat Wai David		–	510	–	3,044	3,554
Mr. Zheng Feng Wei		–	510	–	3,044	3,554
Ms. Liu Jie	b	–	132	–	304	436
Mr. Hu Guoan	c	–	85	–	–	85
Mr. Rao Dacheng	d	–	329	–	3,044	3,373
		–	2,011	–	9,740	11,751
2016						
Executive directors:						
Mr. Yuan Shan		—	117	—	—	117
Mr. Zhang De Cong		—	147	—	—	147
Ms. Lee Suk Fong	a	—	522	5	—	527
Mr. Wan Tat Wai David		—	386	—	—	386
Mr. Zheng Feng Wei		—	35	—	—	35
Mr. Sun Feng	e	—	174	—	—	174
Mr. Zhou Tai Ping	f	—	220	—	—	220
		—	1,601	5	—	1,606
Non-executive directors:						
Mr. Li Ethan Jing	g	—	211	—	—	211
Mr. Hu Jin Xiong	h	—	312	—	—	312
Mr. Leung Kar Fai	i	235	—	—	—	235
		235	523	—	—	758
Chief executive						
Mr. Au-Yong Shong	j	—	125	2	—	127
		235	2,249	7	—	2,491

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, non-executive directors and the chief executive (continued)

a) Ms. Lee Suk Fong was appointed as an executive director on 12 April 2016 and resigned on 9 May 2017.

b) Ms. Liu Jie was appointed as the chairman of the Board and Executive Director on 9 May 2017.

c) Mr. Hu Guoan was appointed as an executive director on 30 October 2017.

d) Mr. Rao Dacheng was appointed as an executive director on 9 May 2017.

e) Mr. Sun Feng was appointed as an executive director and the chairman of the Board on 10 June 2016 and resigned on 7 October 2016.

f) Mr. Zhou Tai Ping resigned as an executive director, the chairman of the Board and the chief executive officer of the Company on 5 June 2016.

g) Mr. Li Ethan Jing resigned as a non-executive director on 13 August 2016.

h) Mr. Hu Jin Xiong resigned as a non-executive director on 23 September 2016, but has remained as a consultant of the Company.

i) Mr. Leung Kar Fai resigned as a non-executive director on 23 September 2016 and ceased to be the joint authorised representative and the joint service agent of the Company.

j) Mr. Au-Yong Shong was appointed as the chief executive officer of the Company on 10 June 2016 and resigned on 5 September 2016.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 31 December 2017.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2016: three directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2016: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2017 RMB'000	2016 RMB'000
Salaries, allowances and benefits in kind	2,267	1,591
Equity-settled share option expense	14,810	—
Pension scheme contributions	64	30
	17,141	1,621

9. FIVE HIGHEST PAID EMPLOYEES (continued)

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2017	2016
Nil to HKD1,000,000	—	1
HKD1,000,001 to HKD1,500,000	2	1
	2	2

During the year ended 31 December 2017, no emoluments were paid by the Group to any directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10. 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 year ended 31 December 2017.

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 year ended 31 December 2017. The Group's subsidiaries located in Mainland China were subject to the PRC CIT rate of 25% during the year ended 31 December 2017.

The major components of income tax expense for the year ended 31 December 2017 are as follows:

	2017 RMB'000	2016 RMB'000
Current — Mainland China		
Charge for the year	1,030	582
Under provision in prior years	16	18
Deferred (note 17)	(215)	404
Total tax charge for the year	831	1,004

10. INCOME TAX (continued)

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

	2017 RMB'000	2016 RMB'000
Loss before tax	(42,397)	(10,905)
Tax at the statutory tax rate of 25%	(10,599)	(2,726)
Tax effect of different taxation rates in other tax jurisdictions	9,381	2,644
Adjustments in respect of current tax of previous years	16	18
Expenses not deductible for tax	1,115	474
Tax losses not recognised	918	594
Income tax charge at the Group's effective rate	831	1,004

11. DIVIDENDS

The Board does not recommend the payment of dividends to the ordinary equity holders of the Company for the year ended 31 December 2017 (2016: Nil).

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,734,684,932 (2016: 3,520,000,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2017 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented (2016: Nil).

The calculation of basic loss per share is based on:

	2017 RMB'000	2016 RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent	(43,171)	(11,909)

	Number of shares 2017	 2016
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	3,734,684,932	3,520,000,000

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings and improvements RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Mine infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2017							
Cost:							
At 1 January 2017	550	3,217	3,200	1,231	15,239	1,347	24,784
Additions	1,054	–	118	940	–	–	2,112
Transfers	253	–	–	–	–	(253)	–
At 31 December 2017	1,857	3,217	3,318	2,171	15,239	1,094	26,896
Accumulated depreciation:							
At 1 January 2017	391	1,401	625	917	1,226	–	4,560
Provided for the year	448	372	696	507	893	–	2,916
At 31 December 2017	839	1,773	1,321	1,424	2,119	–	7,476
Net carrying amount:							
At 1 January 2017	159	1,816	2,575	314	14,013	1,347	20,224
At 31 December 2017	1,018	1,444	1,997	747	13,120	1,094	19,420
31 December 2016							
Cost:							
At 1 January 2016	550	3,217	1,861	1,231	15,239	1,094	23,192
Additions	—	—	1,339	—	—	253	1,592
At 31 December 2016	550	3,217	3,200	1,231	15,239	1,347	24,784
Accumulated depreciation:							
At 1 January 2016	305	1,009	160	673	691	—	2,838
Provided for the year	86	392	465	244	535	—	1,722
At 31 December 2016	391	1,401	625	917	1,226	—	4,560
Net carrying amount:							
At 1 January 2016	245	2,208	1,701	558	14,548	1,094	20,354
At 31 December 2016	159	1,816	2,575	314	14,013	1,347	20,224

As at 31 December 2017, no property, plant and equipment (31 December 2016: Nil) were pledged to a bank that provided a mortgage loan for the Group's equipment purchase.

As at 31 December 2017, the directors of the Group performed impairment assessment on property, plant and equipment and was of the opinion that no provision for impairment loss was needed.

14. LONG-TERM PREPAYMENTS

	Forest rental costs RMB'000	Farmland occupation tax RMB'000	Total RMB'000
31 December 2017			
Cost at 1 January 2017, net of accumulated amortisation	379	162	541
Additions	—	305	305
Amortisation provided during the year	(25)	(67)	(92)
At 31 December 2017	354	400	754
At 31 December 2017:			
Cost	499	507	1,006
Accumulated amortisation	(145)	(107)	(252)
Net carrying amount	354	400	754
31 December 2016			
Cost at 1 January 2016, net of accumulated amortisation	404	194	598
Additions	—	—	—
Amortisation provided during the year	(25)	(32)	(57)
At 31 December 2016	379	162	541
At 31 December 2016:			
Cost	499	202	701
Accumulated amortisation	(120)	(40)	(160)
Net carrying amount	379	162	541

Forest rental costs represent the prepayment made to villagers for the use of parcels of forest land for mining activities at the Yiduoyan marble mine. Based on agreements entered into between Xiangyang Future Bright Mining Limited and the relevant villagers, Xiangyang Future Bright Mining Limited prepaid RMB499,000 to the relevant villagers for a right to use the said forest land for a period of 20 years from October 2011.

15. GOODWILL

Cost:

	RMB'000
At 1 January 2016, 31 December 2016 and 1 January 2017	—
Acquisition of a subsidiary (note 30)	4,395
Exchange realignment	(146)
At 31 December 2017	4,249
Accumulated impairment:	
At 31 December 2016 and 2017	—
Net carrying amount	
At 31 December 2016	—
At 31 December 2017	4,249

The carrying amounts of goodwill are as follows:

	2017 RMB'000	2016 RMB'000
Imperial Dragon Finance Limited — money lending	4,249	—
	4,249	—

As set out note 30, on 26 July 2017, the Group acquired 100% equity interest in Imperial Dragon Finance Limited (currently known as Future Bright Finance Limited) ("Imperial Dragon") for a total consideration of HKD7,239,000 (equivalent to approximately RMB6,260,000). The excess of the acquisition costs over the net fair value of Imperial Dragon's identifiable net assets was recorded as goodwill and allocated to the money lending operation of Imperial Dragon.

Impairment testing of goodwill

The impairment test was based on the recoverable amount of the cash-generating unit ("CGU"). During the year ended 31 December 2017, the directors of the Group determined that there was no impairment of the above CGU containing goodwill.

The recoverable amount of the above CGU is determined based on a value-in-use calculation. The major underlying assumptions are summarised below:

The key assumptions for the value-in-use calculation are those regarding the discount rates, growth rates and expected changes in loan amount during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the CGU. The growth rates are by reference to industry growth forecasts. Changes in loan amount are based on past practices and expectations of future changes in the market.

The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and a discount rate of 14%. Cash flows beyond that five-year period have been extrapolated using declining growth rates until a steady 3% growth rate is reached. This growth rate does not exceed the long-term average growth rate for the market in which the Group operates.

16. OTHER INTANGIBLE ASSETS

	Money lending licence RMB'000	Mining right RMB'000	Total RMB'000
31 December 2017			
Cost at 1 January 2017, net of accumulated amortisation	—	37,908	37,908
Acquisition of a subsidiary (note 30)	432	—	432
Exchange realignment	(14)	—	(14)
Amortisation provided during the year	—	(2,386)	(2,386)
At 31 December 2017	418	35,522	35,940
At 31 December 2017:			
Cost	418	42,600	43,018
Accumulated amortisation	—	(7,078)	(7,078)
Net carrying amount	418	35,522	35,940
31 December 2016			
Cost at 1 January 2016, net of accumulated amortisation	—	39,641	39,641
Additions	—	—	—
Amortisation provided during the year	—	(1,733)	(1,733)
At 31 December 2016	—	37,908	37,908
At 31 December 2016:			
Cost	—	42,600	42,600
Accumulated amortisation	—	(4,692)	(4,692)
Net carrying amount	—	37,908	37,908

The mining right represents the right for the mining of marble reserves at the Yiduoyan mine which is located in Nanzhang County, Hubei Province, the PRC. The mine is operated by Xiangyang Future Bright Mining Limited. The local government granted the mining permit to Xiangyang Future Bright Mining Limited for a term of 10 years from 30 December 2011 to 30 December 2021 with a production capacity of 20,000 cubic metres per annum.

The money lending licence was acquired in a business combination and was recognised at fair value at the acquisition date using market method. The licence has an indefinite life and is carried at cost less accumulated impairment losses.

As at 31 December 2017, the directors of the Group performed impairment assessment on the mining right and money lending licence and was of the opinion that no provision for impairment was needed.

17. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000
At 1 January 2016	560
Deferred tax charged to the statement of profit or loss during the year (note 10)	(560)
At 31 December 2016 and 1 January 2017	—
At 31 December 2017	—

Deferred tax liabilities

	Depreciation difference of plant and machinery between IFRSs and PRC tax regulations RMB'000	**Fair value adjustments arising from acquisition of subsidiaries** RMB'000	**Total** RMB'000
At 1 January 2016	265	9,847	10,112
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	267	(423)	(156)
At 31 December 2016 and 1 January 2017	532	9,424	9,956
Acquisition of a subsidiary (note 30)	—	71	71
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	372	(587)	(215)
Exchange differences	—	(2)	(2)
At 31 December 2017	904	8,906	9,810

Deferred tax assets and liabilities related to the PRC subsidiary have been provided at an enacted corporate income tax rate of 25%.

17. DEFERRED TAX (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2017 RMB'000	2016 RMB'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	(9,810)	(9,956)
	(9,810)	(9,956)

The Group has tax losses arising in Hong Kong of RMB5,137,000 (2016: RMB2,445,000), subject to the agreement with the Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax assets have not been recognised in respect of the following items:

	2017 RMB'000	2016 RMB'000
Tax losses	8,545	3,957

Deferred tax assets have not been recognised in respect of tax losses amounting to RMB8,545,000 and RMB3,957,000 as at 31 December 2017 and 31 December 2016, respectively. The tax losses amounting to RMB3,408,000 as at 31 December 2017 (2016: RMB1,512,000) will expire within the next 5 years for offsetting against future taxable profits. The tax losses of RMB5,137,000 as at 31 December 2017 (2016: RMB2,445,000) are available indefinitely for offsetting against future taxable profits in Hong Kong. Deferred tax assets have not been recognised as it is not considered probable that taxable profits will be available against which the above tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors.

The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

17. DEFERRED TAX (continued)

Pursuant to the resolution of the board of directors of the Company, the PRC subsidiaries' profits generated from 1 January 2008 onwards will be retained by the PRC subsidiaries for use in future operations or investments in Mainland China. In the opinion of the directors, it is not probable that the PRC subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised approximated RMB318,000 (2016: RMB110,000) in aggregate.

18. INVENTORIES

	2017 RMB'000	2016 RMB'000
Finished goods	718	2,170
Materials and supplies	1,669	41
	2,387	2,211

19. TRADE RECEIVABLES

	2017 RMB'000	2016 RMB'000
Trade receivables	34,285	15,719
Impairment	—	—
	34,285	15,719

The Group's trading terms with its customers are mainly on credit, except for commodity trading customers, where letter of credit (L/C) payment terms are required. The credit period is generally three to six months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2017 RMB'000	2016 RMB'000
Within 3 months	12,673	8,052
3 months to 6 months	16,346	3,081
Over 6 months	5,266	4,586
	34,285	15,719

19. TRADE RECEIVABLES (continued)

The ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2017 RMB'000	2016 RMB'000
Neither past due nor impaired	29,019	8,052
1 to 3 months past due	—	3,081
3 to 6 months past due	—	2,337
Over 6 months past due	5,266	2,249
	34,285	15,719

Receivables that were neither past due nor impaired relate to a customer for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017 RMB'000	2016 RMB'000
Prepayments	2,938	533
Deposits and other receivables	6,700	548
Interests receivable	234	—
Others	126	30
	9,998	1,111

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.

21. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 RMB'000	2016 RMB'000
Listed equity investments, at market value	11,489	—

The above equity investments at 31 December 2017 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

22. LOANS RECEIVABLES

	Note	2017 RMB'000	2016 RMB'000
Loans receivable due from			
— Third parties	(a)	5,852	—
Less: Impairment		—	—
		5,852	—
Less: Due within 12 months		(5,852)	—
Due after 12 months		—	—

(a) Imperial Dragon Finance Limited (currently known as Future Bright Finance Limited), a subsidiary within the Group, signed loan agreements to provide two loans, each loan amounting to HKD3,500,000 (equivalent to approximately RMB2,926,000), to two third parties. These loans are pledged by each borrower's securities accounts, within which the value of share is not less than HKD5,000,000, bear interest at a fixed rate of 24% per annum and have a maturity date on 16 February 2018 and 17 February 2018, respectively.

23. CASH AND CASH EQUIVALENTS

	2017 RMB'000	2016 RMB'000
Cash and bank balances	19,270	22,641

At the end of the reporting period, the cash and bank balances of the Group denominated in HKD amounted to RMB16,105,000 (2016: RMB16,926,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

24. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2017 RMB'000	2016 RMB'000
Within 1 month	**150**	—

The trade payables are non-interest-bearing and is normally settled on terms ranging from 1 to 60 days.

25. OTHER PAYABLES AND ACCRUALS

	2017 RMB'000	2016 RMB'000
Payroll accruals	**770**	581
Other payables	**1,694**	2,301
	2,464	2,882

Other payables are unsecured, non-interest-bearing and repayable on demand.

26. PROVISION FOR REHABILITATION

	2017 RMB'000	2016 RMB'000
At the beginning of year	**1,038**	972
Unwinding of discount (note 7)	**70**	66
At the end of year	**1,108**	1,038

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 time, the discounted provision is increased for the change in present value based on the discount rate that reflects 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.

27. SHARE CAPITAL

Shares

	2017 RMB'000	2016 RMB'000
Issued and fully paid:		
3,870,000,000 (2016: 3,520,000,000) ordinary shares	3,087	2,782

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000	Share premium account RMB'000	Total RMB'000
At 1 January 2016	352,000,000	2,782	58,174	60,956
Increase in number of shares due to share subdivision (a)	3,168,000,000	—	—	—
At 31 December 2016 and 1 January 2017	3,520,000,000	2,782	58,174	60,956
Share placing (b)	350,000,000	305	62,912	63,217
Share issue expenses (c)	—	—	(1,769)	(1,769)
At 31 December 2017	3,870,000,000	3,087	119,317	122,404

(a) At the extraordinary general meeting of the Company held on 26 May 2016, an ordinary resolution was duly passed under which each of the existing issued and unissued shares of HKD0.01 each in the share capital of the Company as of 27 May 2016 was subdivided (the "Share Subdivision") into ten shares of HKD0.001 each.

(b) On 16 February 2017, the Company completed the first share placing of the year. A total of 170,000,000 placing shares have been placed at the placing price of HKD0.205 per placing share, for a cash consideration of HKD34,850,000 (equivalent to approximately RMB30,951,000), before share issue expenses. The proceeds of HKD170,000 (equivalent to approximately RMB151,000) representing the par value have been credited to the Company's share capital and the remaining proceeds of HKD34,680,000 (equivalent to approximately RMB30,800,000) have been credited to the share premium account.

On 18 August 2017, the Company completed the second share placing of the year. A total of 180,000,000 placing shares have been placed at the placing price of HKD0.210 per placing share, for a cash consideration of HKD37,800,000 (equivalent to approximately RMB32,266,000), before share issue expenses. The proceeds of HKD180,000 (equivalent to approximately RMB154,000) representing the par value have been credited to the Company's share capital and the remaining proceeds of HKD37,620,000 (equivalent to approximately RMB32,112,000) have been credited to the share premium account.

(c) The share issue expenses related to the first share placing of the year were approximately HKD987,000 (equivalent to approximately RMB876,000).

The share issue expenses related to the second share placing of the year were approximately HKD1,046,000 (equivalent to approximately RMB893,000).

28. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors and other employees of the Group. The Scheme became effective on 9 January 2015 and, unless otherwise cancelled or amended, will remain in force until 8 January 2025.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HKD5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HKD1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period, if any, and ends on a date which is not later than the expiry date of the Scheme.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's shares.

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing shares. The share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the year:

	Weighted average exercise price HKD per share	Number of options '000
At 1 January 2017	—	—
Granted during the year	0.250	352,000
At 31 December 2017	0.250	352,000

28. SHARE OPTION SCHEME (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2017

Number of options '000	Exercise price* HKD per share	Exercise period
352,000	0.250	1 December 2017 to 30 November 2020

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

On 30 November 2017, the Board of Directors of the Company has resolved to award an aggregate of 352,000,000 share options to certain individuals, including five executive directors and three independent non-executive directors. These share options vested on 1 December 2017 and have an exercise price of HKD0.25 per share and an exercise period ranging from 1 December 2017 to 30 November 2020. The price of the Company's shares at the date of grant was HKD0.24 per share.

The fair value of the share options granted during the year was HKD34,412,000 (equivalent to approximately RMB29,105,000), of which the Group recognised a share option expense of HKD34,412,000 (equivalent to approximately RMB29,105,000) during the year ended 31 December 2017.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant by RHL Appraisal Ltd. using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2017
Dividend yield (%)	0.00
Expected volatility (%)	80.10
Risk-free interest rate (%)	1.77
Exit rate	15.66
Exercise multiple	2.4–2.8
Exercise share price (HKD per share)	0.25

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 352,000,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 352,000,000 additional ordinary shares of the Company and additional share capital of HKD352,000.

29. RESERVES

The amounts of the Group's reserves and the movements therein for the year ended 31 December 2017 and prior years are presented in the consolidated statement of changes in equity on page 82 of the financial statements.

Capital reserve

The capital reserve represents the capital contribution from the shareholders of Gold Title Investments Limited prior to the incorporation of the Company and the capital contribution from the shareholders of the Company in 2017.

Contributed reserve

The Group's contributed reserve mainly represents the excess of (a) the fair value of the identifiable net assets of Future Bright (H.K.) Investment Limited and its subsidiary at the date of acquisition, over (b) the consideration paid to the former owner of Future Bright (H.K.) Investment Limited who was also a shareholder of Gold Title Investments Limited.

Safety fund surplus reserve

Pursuant to the *Notice regarding Safety Production Expenditure* jointly issued by the Ministry of Finance and the State Administration of Work Safety of the PRC in February 2012, the Group is required to establish a safety fund surplus reserve based on the volume of marble blocks extracted. The safety fund can only be transferred to retained earnings to offset safety related expenses as and when they are incurred, including expenses related to safety protection facilities and equipment improvement and maintenance as well as safety production inspection, appraisal, consultation and training.

Statutory reserve fund

In accordance with the relevant PRC regulations applicable to wholly-foreign-owned companies, certain entities within the Group are required to allocate a certain portion (not less than 10%), as determined by their Boards of Directors, of their profit after tax in accordance with PRC GAAP to the statutory reserve fund (the "SRF") until such reserve reaches 50% of the registered capital.

The SRF is non-distributable other than in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalised as issued capital.

In accordance with the relevant regulations and the articles of association, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its net profit (after offsetting accumulated losses from prior years) to the statutory surplus reserve. After the balance of such reserve reaches 50% of the entity's capital, any further appropriation is at the discretion of the Company. The statutory surplus reserve can be utilised to offset accumulated losses or increase capital. However, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after such usages.

30. BUSINESS COMBINATION

On 26 July 2017, the Group acquired a 100% interest in Imperial Dragon Finance Limited (currently known as Future Bright Finance Limited) from a third party. Imperial Dragon Finance Limited is engaged in the money lending business. The acquisition was made as part of the Group's strategy to diversify its business and to broaden its revenue base. The purchase consideration for the acquisition was in the form of cash, with the amount of HKD7,239,000 (equivalent to approximately RMB6,260,000) paid at the acquisition date.

The fair values of the identifiable assets and liabilities of Imperial Dragon Finance Limited (currently known as Future Bright Finance Limited) as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition** RMB'000
Intangible assets — Money lending licence	16	432
Cash and bank balances		391
Trade receivables		819
Prepayments and other receivables		310
Accruals and other payables		(16)
Deferred tax liabilities		(71)
Total identifiable net assets at fair value		1,865
Goodwill on acquisition	15	4,395
Satisfied by cash		6,260

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB819,000 and RMB310,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB819,000 and RMB310,000, respectively.

None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(6,260)
Cash and bank balances acquired	391
Net outflow of cash and cash equivalents included in cash flows from investing activities	(5,869)

Since the acquisition, Imperial Dragon Finance Limited (currently known as Future Bright Finance Limited) contributed RMB495,000 to the Group's other income and RMB37,000 to the consolidated loss for the year ended 31 December 2017.

Had the combination taken place at the beginning of the year, the revenue of the Group and the loss of the Group for the year would have been RMB42,540,000 and RMB43,501,000, respectively.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group did not enter any non-cash transactions (2016: Nil).

(b) Changes in liabilities arising from financing activities

During the year, nil of the changes in liabilities of the Group are arising from financing activities (2016: Nil).

32. OPERATING LEASE ARRANGEMENTS

As lessee

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 the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017 RMB'000	2016 RMB'000
Within one year	1,492	314
In the second to fourth years, inclusive	757	70
	2,249	384

33. COMMITMENTS

In addition to the operating lease commitments detailed in note 32 above, the Group had the following capital commitments at the end of the reporting period:

	2017 RMB'000	2016 RMB'000
Authorised, but not contracted for:		
Property, plant and equipment	28,038	28,100

34. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	2017 RMB'000	2016 RMB'000
Salaries, allowances and benefits in kind	3,765	5,149
Equity-settled share option expense	28,193	—
Pension scheme contributions	137	83
	32,095	5,232

Further details of directors' and chief executive's emoluments are included in note 8 to the financial statements.

35. 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:

As at 31 December 2017

Financial assets

	Financial assets at fair value through profit or loss for trading RMB'000	Loans and held receivables RMB'000	Total RMB'000
Trade receivables	—	34,285	34,285
Equity investments at fair value through profit or loss	11,489	—	11,489
Financial assets included in prepayments, deposits and other receivables	—	6,934	6,934
Loans receivable	—	5,852	5,852
Cash and cash equivalents	—	19,270	19,270
	11,489	66,341	77,830

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	150	150
Financial liabilities included in other payables and accruals	1,694	1,694
	1,844	1,844

35. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

As at 31 December 2016

Financial assets

	Loans and receivables RMB'000	Total RMB'000
Trade receivables	15,719	15,719
Financial assets included in prepayments, deposits and other receivables	548	548
Cash and cash equivalents	22,641	22,641
	38,908	38,908

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Financial liabilities included in other payables and accruals	2,301	2,301

36. 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	
	2017 RMB'000	2016 RMB'000	**2017 RMB'000**	2016 RMB'000
Financial assets				
Equity investments at fair value through profit or loss	**11,489**	—	**11,489**	—

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 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.

36. 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 31 December 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Equity investments at fair value through profit or loss	11,489	—	—	11,489

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as prepayments and other receivables and other payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group's exposure to foreign currency risk relates to the Group's bank deposits denominated in HKD.

The Group has not entered into any hedging transactions to manage the potential fluctuation in foreign currencies. Management monitors the Group's foreign currency exposure and will consider hedging significant foreign currency exposure when the needs arise.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the HKD exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in HKD rate	Increase/ (decrease) in loss before tax 2017	Increase/ (decrease) in loss before tax 2016
	%	RMB'000	RMB'000
If RMB weakens against HKD	5%	925	893
If RMB strengthens against HKD	5%	(925)	(893)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The loan borrowers are required to provide collateral. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. At the end of the reporting period, the Group had certain concentrations of credit risk as 40.76% (2016: 40.62%) and 77.47% (2016: 100%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing borrowings and advances from the shareholders.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Year ended 31 December 2017

	On demand RMB'000	Less than 3 months RMB'000	Total RMB'000
Trade payables	150	—	150
Financial liabilities included in other payables and accruals	1,694	—	1,694
	1,844	—	1,844

Year ended 31 December 2016

	On demand RMB'000	Less than 3 months RMB'000	Total RMB'000
Financial liabilities included in other payables and accruals	2,301	—	2,301

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 31 December 2016.

The Group monitors capital using a gearing ratio, which equals to its net debt (total debts net of cash and bank balances) divided by total equity. Total debt is defined as interest-bearing bank loans excluding liabilities incurred for working capital purposes. As at 31 December 2017 and 31 December 2016, the Group had no interest-bearing bank loan balance. As such, no gearing ratios as at 31 December 2017 and 31 December 2016 are presented.

38. EVENTS AFTER THE REPORTING PERIOD

On 15 March 2018, Imperial Dragon Finance Limited (currently known as Future Bright Finance Limited), a subsidiary within the Group, signed two extension agreements with two third parties regarding the two loans provided to the latter as set out in note 22. Each loan amounted to HKD3,500,000 (equivalent to approximately RMB2,926,000), bear interest rate at a fixed rate of 24% per annum and have the extended maturity date on 28 August 2018,respectively. These loans are pledged by each borrower's securities accounts, within which the value of share is not less than HKD5,000,000.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSET		
Investment in a subsidiary	28,680	28,680
CURRENT ASSETS		
Due from subsidiaries	87,905	28,650
Prepayments, deposits and other receivables	70	120
Cash and cash equivalents	6,630	15,799
Total current assets	94,605	44,569
CURRENT LIABILITIES		
Other payables and accruals	9	76
Due to a subsidiary	1,931	2,102
Total current liabilities	1,940	2,178
NET CURRENT ASSETS	92,665	42,391
TOTAL ASSETS LESS CURRENT LIABILITIES	121,345	71,071
Net assets	121,345	71,071
EQUITY		
Issued capital	3,087	2,782
Reserves (note 29)	118,258	68,289
Total equity	121,345	71,071

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Share option reserve RMB'000	Contributed reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Total reserves RMB'000
At 1 January 2016	58,409	—	20,868	2,884	(6,788)	75,373
Loss for the year	—	—	—	—	(10,081)	(10,081)
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	—	—	—	2,997	—	2,997
Total comprehensive income/(loss) for the year	—	—	—	2,997	(10,081)	(7,084)
Issue of ordinary shares	—	—	—	—	—	—
Share issue expenses	—	—	—	—	—	—
At 31 December 2016	58,409	—	20,868	5,881	(16,869)	68,289
At 1 January 2017	**58,409**	**—**	**20,868**	**5,881**	**(16,689)**	**68,289**
Loss for the year	**—**	**—**	**—**	**—**	**(35,963)**	**(35,963)**
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	**—**	**—**	**—**	**(4,316)**	**—**	**(4,316)**
Total comprehensive loss for the year	**—**	**—**	**—**	**(4,316)**	**(35,963)**	**(40,279)**
Share placing	**62,912**	**—**	**—**	**—**	**—**	**62,912**
Share issue expenses	**(1,769)**	**—**	**—**	**—**	**—**	**(1,769)**
Issue of share options	**—**	**29,105**	**—**	**—**	**—**	**29,105**
At 31 December 2017	**119,552**	**29,105**	**20,868**	**1,565**	**(52,832)**	**118,258**

The Company's contributed reserve mainly represents the excess of (a) the fair value of the identifiable net assets of Future Bright (H.K.) Investment Limited and its subsidiary at the date of acquisition, over (b) the consideration paid to the former owner of Future Bright (H.K.) Investment Limited who was also a shareholder of Gold Title Investments Limited.

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2018.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2017	2016	2015	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**42,540**	12,909	11,271	2,858	—
Loss before tax	**(42,397)**	(10,905)	(1,463)	(12,459)	(11,226)
Income tax (expense)/credit	**(831)**	(1,004)	(1,301)	225	1,428
Loss for the year attributable to:					
Owners of the Parent	**(43,171)**	(11,909)	(2,764)	(12,234)	(9,798)
Non-controlling interests	**(57)**	—	—	—	—
	(43,228)	(11,909)	(2,764)	(12,234)	(9,798)
Loss for the year attributable to owners of the Parent:					
Basic and diluted	**RMB1.16 cents**	RMB0.34 cents	RMB0.08 cents	RMB5.6 cents	RMB7.4 cents

	As at 31 December				
	2017	2016	2015	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**143,644**	100,355	107,915	66,747	60,717
Total liabilities	**(14,006)**	(14,458)	(12,811)	(24,745)	(14,352)
Net assets	**129,638**	85,897	95,104	42,002	46,365
Equity attributable to:					
Owners of the Parent	**129,695**	85,897	95,104	42,002	46,365
Non-controlling interests	**(57)**	—	—	—	—
	129,638	85,897	95,104	42,002	46,365

Future Bright Mining Holdings Limited
高 鵬 礦 業 控 股 有 限 公 司