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)

2018
Interim Report
中期報告

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Liu Jie *(Chairperson)*
Chen Gang
Rao Dacheng
Wan Tat Wai David
Yang Xiaoqiu
Zhang Decong

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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Guangdong Finance Building
88 Connaught Road West
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Hubei Province, the PRC

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
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

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
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Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2018 (the "**Period**"), the operating revenue of Future Bright Mining Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") was approximately RMB18.86 million, which represented a significant increase of approximately 5168.72% as compared to the operating revenue of approximately RMB0.36 million for the six months ended 30 June 2017. The increase in revenue was mainly due to the increase in revenue generated from commodity trading during the Period. In order to diversify the existing business of the Group, the Group commenced its trading of commodities business in the second half of 2017. The following table sets forth the breakdown of the Group's revenue by product categories for the Period:

	2018			2017		
	RMB'000	**Percentage of total revenue**	**Gross profit margin**	RMB'000	Percentage of total revenue	Gross profit margin
Marble blocks	**1,860**	**9.86%**	**48.76%**	358	100%	69.21%
Commodity trading	**17,002**	**90.14%**	**12.93%**	—	—	—
Total	**18,862**	**100%**	**16.47%**	358	100%	69.21%

Cost of Sales

The Group's cost of sales increased from approximately RMB0.11 million for the six months ended 30 June 2017 to approximately RMB15.76 million for the Period, representing a significant increase of approximately 13843.36%. This was in line with higher sales recorded for the Period. The cost of sales represented costs of products purchased from third parties, which represented approximately 93.95% of the total cost of sales, and the marble blocks mining costs, which represented approximately 6.05% of the total cost of sales and mainly included mining labour costs, materials consumption, fuel, electricity, depreciation of production equipment and amortization of mining rights.

Gross Profit and Gross Profit Margin

The gross profit of the Group amounted to approximately RMB3.11 million and the gross profit margin was approximately 16.47% for the Period, which represented a significant increase of approximately 1167.76% as compared with gross profit for the six months ended 30 June 2017 of approximately RMB0.25 million (six months ended 30 June 2017: gross profit margin of approximately 69.21%). The significant decrease in gross profit margin was mainly due to the sales of commodities which accounted for 90.14% 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 Period were approximately RMB2.42 million, which represented a significant increase of approximately RMB1.67 million as compared to the other income and gains of approximately RMB0.75 million for the six months ended 30 June 2017. The increase was mainly due to the fact that the Group recorded net fair value gain of the equity investments of approximately RMB1.46 million during the Period (six months ended 30 June 2017: net fair value loss of the equity investments of approximately RMB0.34 million) and the interest income generated from the money lending business in the Period amounted to approximately RMB0.79 million (six months ended 30 June 2017: Nil). Other income and gains mainly comprised the interest income, the net fair value gain of the equity investments and rendering of services income during the Period.

Selling and Distribution Expenses

Selling and distribution expenses, which mainly consisted of transportation, salaries and wages of the Group's sales and distribution staff and their entertainment and travelling expenses, were approximately RMB4.53 million for the Period (six months ended 30 June 2017: approximately RMB0.47 million), representing approximately 23.99% of the revenue for the Period (six months ended 30 June 2017: approximately 132.12%). The increase in selling and distribution expenses by approximately 856.66% was principally due to the fact that the transportation fee for the distribution of marble blocks increased during the Period, while the Group had no such expense for the six months ended 30 June 2017.

Administrative Expenses

Administrative expenses slightly increased by approximately RMB1.20 million or 12.10% from approximately RMB9.94 million for the six months ended 30 June 2017 to approximately RMB11.14 million for the Period. The increases was mainly due to the increase in staff costs of approximately RMB0.79 million during the Period. Administrative expenses mainly included the legal and professional fees, consultancy fees, rental and salaries of staff.

Other Expenses

Other expenses mainly included the provision for impairment of trade receivables of approximately RMB1.36 million during the Period. The Group had no such expense for the six months ended 30 June 2017.

Loss attributable to owners of the Parent

In view of the above factors, loss attributable to owners of the Parent was approximately RMB11.88 million for the Period (six months ended 30 June 2017: loss of approximately RMB10.51 million). The increase of loss was mainly resulted from the provision for impairment of trade receivables during the Period.

BUSINESS REVIEW

Marble and Marble-related Business

During the Period, 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 2,174 m^3 of marble blocks had already been produced and 1,085 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. On 3 May 2018, the Group entered into a memorandum of understanding to acquire 51% equity interest in a company engaged in drilling, processing and sales of diabase for construction, details of which are set out in the announcement of the Company dated 3 May 2018. The proposed acquisition is expected to enable the Group: (i) to enhance the variety of marble and marble-related products provided by the Group; and

(ii) to leverage 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 in the Period amounted to approximately RMB1.86 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

The Group commenced the trading of commodities which are mainly metal ore products and granite slabs in the second half of 2017 and the revenue generated from commodity trading business in the Period amounted to approximately RMB17.00 million. We expect that the commodities trading business will become one of the principal businesses of the Group in the future.

Money Lending Business

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 Laws of Hong Kong) in the second half of 2017. 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 in the Period amounted to approximately RMB0.79 million.

On 15 March 2018, Imperial Dragon Finance Limited (currently known as Future Bright Finance Limited) (a wholly-owned subsidiary of the Company), signed two loan extension agreements to extend the term of the two loans, each loan amounting to HK$3,500,000, to two third parties. These loans are secured by the pledge of the securities accounts of each borrower, 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 YIDUOYAN PROJECT

The 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 may be extended for another 10 years to 30 December 2031 subject to the applicable PRC laws and regulations), covering an area of approximately 0.5209 km^2. The Yiduoyan Project contains marble resources with expansion potential through exploration according to the independent technical report dated 29 December 2014 prepared by SRK Consulting (Hong Kong) Limited and set out in appendix IV to the prospectus of the Company dated 29 December 2014 (the "**Prospectus**").

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 six months ended 30 June 2018, no further mineral exploration was carried out. As a result, there was no expenditure on mineral exploration.

Development

In March 2018, we provided all the staff of the Group 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 2018, we required all staffs to carry out self-examination and rectification on mining safety hazards, and carried out thorough inspection and maintenance for all production equipment to ensure that they operate safely during the production process; and we also screened, assessed and eliminated potential risks of the mine.

During the six months ended 30 June 2018, the Group recorded safety production expenditure of approximately RMB286,300 with respect to the expansion of Yiduoyan marble mine, which mainly comprised the procurement and preparation of production safety signs in the first half of 2018, monthly distribution of labour protection supplies, regular education and training for production safety, safety rescue 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)
Labour protection supplies	4.6
Education and training for production safety	5.6
Safety rescue agreement	8
Education and training for occupational health	4.9
Technical consulting service fee for environmental assessment	120
Production safety liability insurance	8.2
Technical consultation service fee for mine safety	15
Consultation service fee for soil and water conservation scheme	120
Total	286.3

Mining Operation

In the first half of 2018, we carried out the destocking of block inventories of the mine. As of 30 June 2018, we had realised sales of 1,085 m^3 of 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. As of 30 June 2018, our Yiduoyan marble mine block production amounted to 2,174 m^3. It also laid a solid foundation for the commencement of mining in the second half of the year.

During the six months ended 30 June 2018, the expenditure on mining activities of the Group was approximately RMB22,186,431. The expenditure of mining activities was approximately RMB1,006 per m^3 (for the six months ended 30 June 2017: approximately RMB1,323 per m^3).

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 Period and up to the date of this report.

Develop product recognition

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

Expand our resource 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 continued development of the trading of commodities business 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.

SIGNIFICANT INVESTMENTS

For the Period, the Group had significant investments in equity securities of companies listed on the Stock Exchange which were classified as held for trading and the performance of such equity securities are as follows:

Stock code	Name of investee company	Number of shares held	Percentage of share capital owned by the Group	Investment cost (HK$)	Market value as at 30 June 2018 (HK$)	Unrealized gain/(loss) on change in fair value for the six months ended 30 June 2018 (HK$) (Note 1)
1227	National Investments Fund Limited (Note 2)	21,000,000	0.58%	2,381,583.14	252,000	(2,129,583.14)
1323	Newtree Group Holdings Ltd (Note 3)	6,700,000	0.28%	2,992,284.09	3,886,000	893,715.91
8085	Hong Kong Life Sciences and Technologies Group Ltd. (Note 4)	4,660,000	0.08%	494,643,95	298,240	(196,403.95)
8102	Li Bao Ge Group Limited (Note 5)	90,000	0.01%	578,083.39	36,000	(542,083.39)
8133	Jete Power Holdings Limited (Note 6)	6,700,000	0.19%	2,656,072.90	1,072,000	(1,584,072.90)
8331	Feishang Non-metal Materials Technology Limited (currently known as HangKan Group Limited) (Note 7)	2,200,000	0.39%	1,280,615.29	979,000	(301,615.29)

Stock code	Name of investee company	Number of shares held	Percentage of share capital owned by the Group	Investment cost (HK$)	Market value as at 30 June 2018 (HK$)	Unrealized gain/(loss) on change in fair value for the six months ended 30 June 2018 (HK$) (Note 1)
8425	Hing Ming Holdings Limited (Note 8)	3,100,000	0.78%	2,551,194.41	6,262,000	3,710,805.59
8437	RMH Holdings Limited (Note 9)	4,256,000	0.71%	2,115,223.60	2,298,240	183,016.40
	Total:			15,049,700.77	15,083,480.00	33,779.23

Notes:

1. These figures do not take into account the realized gain or loss arising from the disposal of the relevant equity securities during the Period.

2. According to the latest annual report of National Investments Fund Limited, it recorded revenue of approximately HK$2,915,000 and a net loss of approximately HK$123,593,000 for the year ended 31 December 2017.

3. According to the latest annual report of Newtree Group Holdings Ltd, it recorded revenue of approximately HK$115,725,000 and a net profit of approximately HK$14,265,000 for the year ended 31 March 2018.

4. According to the latest annual report of Hong Kong Life Sciences and Technologies Group Ltd., it recorded revenue of approximately HK$140,208,000 and a net loss of approximately HK$83,027,000 for the year ended 31 March 2018.

5. According to the latest annual report of Li Bao Ge Group Limited, it recorded revenue of approximately HK$307,001,000 and a net profit of approximately HK$23,188,000 for the year ended 31 December 2017.

6. According to the latest annual report of Jete Power Holdings Limited, it recorded revenue of approximately HK$47,643,000 and a net loss of approximately HK$4,935,000 for the year ended 31 December 2017.

7. According to the latest annual report of Feishang Non-metal Materials Technology Limited (currently known as Hangkan Group Limited), it recorded revenue of approximately RMB28,796,000 and a net loss of approximately RMB72,080,000 for the year ended 31 December 2017.

8. According to the latest annual report of Hing Ming Holdings Limited, it recorded revenue of approximately HK$53,034,000 and a net profit of approximately HK$15,374,000 for the year ended 31 March 2018.

9. According to the latest annual report of RMH Holdings Limited, it recorded revenue of approximately $7,054,000 (Singaporean dollar) and a net loss of approximately $470,000 (Singaporean dollar) for the year ended 31 December 2017.

Brief description of principal business and future prospect of investee companies

Name of investee company	Principal business and future prospect
National Investments Fund Limited	Investment in listed and unlisted companies. The businesses invested by the company mainly include the development of bio-pharmaceutical and regenerative medicine systems and products, the provision of corporate finance services, including the fund raising, mergers and acquisitions, corporate finance advisory, corporate rescue and security brokerage services, the development and farming of forests and the development and manufacturing of yachts As disclosed in the annual report for the year ended 31 December 2017, National Investments Fund Limited will continue to implement a diversified investment strategies and to identify suitable investment opportunities with potential assets appreciation that will furtherance the Company's investment objectives and policies and also to generate better returns for the group and its shareholders.

Name of investee company	Principal business and future prospect
Newtree Group Holdings Ltd	Wholesale and retail of household consumables, educational technology solutions through online education programs and provision of English language proficiency tests, provision of money lending services, design and development of three-dimensional animations, augmented reality technology application and e-learning Web application and trading of coal products. As disclosed in the annual report for the year ended 31 March 2018, Newtree Group Holdings Ltd had, during the year ended 31 March 2018, disposed of its underperformed businesses with an aim of improving the overall profitability and performance of the group. It is believed that the re-allocation of the group's resources towards profit-making activities will bring benefits to the group financially and contribute to its sustainability.
Hong Kong Life Sciences and Technologies Group Ltd.	Provision of anti-aging services, health check and beauty services and the distribution of biomedical and life science products, trading of electronic components and metals, provision loan financing services and trading and investment of securities. As disclosed in the quarterly report for the three months ended 30 June 2018, Hong Kong Life Sciences and Technologies Group Ltd. will constantly keep reviewing the group's strategies and operations with a view to improving its business performance. In view of the growth potential in the PRC market, it intends to further develop the business in the PRC. It will also continue to enhance the existing business and explore other business and investment opportunities to diversify the revenue stream and business portfolios to enhance the interest of the shareholders.

Name of investee company	Principal business and future prospect
Li Bao Ge Group Limited	Operation of a chain of Chinese restaurants. As disclosed in the interim report for the six months ended 30 June 2018, Li Bao Ge Group Limited will, among others, target to capture the mid-to-high end spending customers when considering the opening of any new non-Chinese cuisine restaurants in the future, in order to maintain the group's positioning in the mid-to-high end catering market. The group will also continue to utilise its available resources to implement its business strategies, namely, expansion in Hong Kong with multi-brand strategy, progressive expansion in the PRC market, continuing promotion of brand image and recognition through marketing initiatives, enhancement of existing restaurant facilities and strengthening of staff training aiming to attract more new customers.
Jete Power Holdings Limited	Manufacturing and trading of cast metal products, including pump components, filter components, valve components and food machinery components. As disclosed in the interim report for the six months ended 30 June 2018, Jete Power Holdings Limited will continue to adopt a positive yet prudent approach in its business strategies aiming to enhance the group's profitability and the shareholders' value in the long run.

Name of investee company	Principal business and future prospect
Feishang Non-metal Materials Technology Limited (currently known as HangKan Group Limited)	Bentonite mining, production and sales of drilling mud and pelletising clay. As disclosed in the interim report for the six months ended 30 June 2018, Feishang Non-metal Materials Technology Limited intends to continue expanding its customer base and market share by boosting product awareness of pelletising clay, refining its production technology and developing new products with a view to enhancing the group's overall competitiveness to cope with the unfavorable business environment. On the other hand, the group aims to maintain sales volume of drilling mud by means of improved product quality and adhering to the "selling more with lower margin" strategy.
Hing Ming Holdings Limited	Rental of temporary suspended working platforms and other construction equipment, such as tower crane and generator and trading of permanent suspended working platforms, motors and wire rope. As disclosed in the quarterly report for the three months ended 30 June 2018, Hing Ming Holdings Limited will strive to lead the temporary suspended working platform industry with the offer of high-quality equipment and premium service and will also seize emerging opportunities in the growing equipment rental industry.

Name of investee company	Principal business and future prospect
RMH Holdings Limited	Leading specialist dermatological and surgical practice accredited by the MOH based in Singapore that offers accessible, comprehensive, quality and specialty care services for a variety of dermatological conditions affecting skin, hair and nails by utilising a wide range of advanced and sophisticated medical, surgical, laser and aesthetic treatments. As disclosed in the interim report for the six months ended 30 June 2018, with strong potential in the specialist dermatology and surgical services industry in Singapore, RMH Holdings Limited will continue to seek to enlarge its market share in the dermatological and surgical services industry in Singapore and to build its reputation, grow the "Dermatology & Surgery Clinic" brand and business. It will continue to consolidate its position in the market and achieve a continued growth in its business.

The Group disposed on-market of a total of 11,940,000 shares of Basetrophy Group Holdings Limited (stock code: 8460) (a company the shares of which are listed on GEM of the Stock Exchange) 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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.

During the Period, no dividend was received from the above securities investment. As at 30 June 2018, the market value of the listed securities being held by the Group was approximately HK$15,083,480 in value and an unrealized gain on fair value change was approximately HK$33,779.23. No impairment was made to the above securities investment.

The Directors believe that the future performance of the equity securities of companies listed on the Stock Exchange held by the Group will be affected by the overall economic environment, equity market conditions, investor sentiment and the business performance of the investee companies. The Board will continue to look out for attractive investment opportunities which can generate better returns to its shareholders.

Save as disclosed above, there were no other significant investments by the Group during the Period.

MAJOR ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 3 May 2018, Guangdong Future Bright Materials Limited* (廣東高鵬建材有限公司), 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 Huaian County Huaxin Mining Company Limited* (懷安縣華鑫礦業有限公司) ("**Target Company**"). The Target Company is a limited liability company established in the PRC on 22 October 2008 with registered capital of RMB5 million and with 525,000 m^3 of marble resource and 0.060 km^2 of marble mines, and is engaged in drilling, processing and sales of diabase for construction 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 3 May 2018.

* *for identification purpose only*

On 28 May 2018, the Company announced that, as no formal sale and purchase agreement has been entered into between 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 and Mr. Wu Yuanwang* (吳元旺) 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) within the exclusivity period, the memorandum of understanding has been automatically terminated. For details, please refer to the Company's announcements dated 15 November 2017 and 28 May 2018.

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

LIQUIDITY, CAPITAL RESOURCES AND GEARING RATIO

During the Period, the Group's primary use of liquidity have been 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 30 June 2018, the Group had cash and cash equivalents of approximately RMB6.17 million which were denominated in Hong Kong dollars and Renminbi (as at 31 December 2017: approximately RMB19.27 million).

The Group had no borrowings as at 30 June 2018, 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 30 June 2018 was about 30.55 times as compared to 26.97 times as at 31 December 2017, based on current assets of approximately RMB77.69 million (as at 31 December 2017: approximately RMB83.28 million) and current liabilities of approximately RMB2.54 million (as at 31 December 2017: approximately RMB3.09 million).

* *for identification purpose only*

TREASURY POLICIES

The Group generally finances its operations with internally generated funds. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates on the Group's overall financial position and to minimise the Group's financial risks.

CHARGES ON GROUP ASSETS

The Group had no charges on the Group's assets as at 30 June 2018.

CAPITAL STRUCTURE

There had been no material change in the capital structure of the Group since 31 December 2017.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "**Share Option Scheme**") on 8 December 2014 which became effective on 9 January 2015 (the "**Listing Date**").

During the Period, no share option was granted, exercised, expired or lapsed and the outstanding 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 1/1/2018	Granted	Exercised	Lapsed	Cancelled	As at 30/6/2018
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

Grant Date	Exercise Price HK$	Vesting Period	Exercisable Period	Number of Share Options As at 1/1/2018	Granted	Exercised	Lapsed	Cancelled	As at 30/6/2018
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

The fair value of equity-settled share options granted on the date of grant (being 30 November 2017) was HK$34,412,000 (equivalent to approximately RMB29,105,000) which was calculated using the binomial model (the "**Binomial Model**"), taking into account the terms and conditions upon which the options were granted. The Binomial Model involves the construction of a binomial lattice which represents different possible paths that might be followed by the share price over the expected life of the option. In developing the binomial lattice, the life of the option is divided into various time steps. In each time step, there is a binomial share price movement. The fair value of the share options would then be calculated by making use of the binomial lattice.

The following table lists the inputs to the model used:

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 (HK$ 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.

The following assumptions were applied in the valuation of the share options:

(1) risk-free rate was based on the Hong Kong dollar interest rate swap curve as at the valuation date (being 30 November 2017);

(2) expected dividend yield was based on historical dividend trend and expected future dividend policy determined by the management of the Company;

(3) expected exercise multiples were based on assumptions by the management of the Company;

(4) exit rate was based on the assumptions by the management of the Company; and

(5) expected volatility was based on the historical volatility of 714-day Company's share price as at the valuation date.

The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

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

Please also refer to the section headed "Events after the Period" in this report for the latest development in relation to the Share Option Scheme after the Period and up to the date of this report.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2018, the Group employed a total of 45 full time employees who were located in Hong Kong and the PRC. The total staff costs (including directors' emoluments) were approximately RMB4.21 million for the Period.

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 plus discretionary management bonus dependent on the performance of the Group and other employees' benefits include contributions to statutory mandatory provident funds for our Hong Kong employees, and social insurance together with housing provident funds for our PRC employees.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds (the "**Net Proceeds**") from the listing (the "**Listing**") of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 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).

Up to 30 June 2018, the Group had used the Net Proceeds as follows:

	Original allocation of Net Proceeds			**Change in use of Net Proceeds** *(Note)*		**Utilisation up to 30 June 2018**		**Remaining balance of unused Net Proceeds as at 30 June 2018**	
	HK$ (million)	RMB Equivalent (million)	% of Net Proceeds	HK$ (million)	RMB Equivalent (million)	HK$ (million) (unaudited)	RMB Equivalent (million) (unaudited)	HK$ (million) (unaudited)	RMB Equivalent (million) (unaudited)
Capital expenditure of the Yiduoyan Project	45.6	36.5	81.3%	(12.5)	(10)	12.3	9.8	20.8	16.7
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%	—	—	35.2	28.3	20.8	16.7

Note:

On 15 July 2016, the Board had resolved to allocate not more than RMB10 million out of the unutilized 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.

During the Period, the utilized Net Proceeds were approximately RMB0.3 million (details are set out as follow) and the remaining proceeds as at 30 June 2018 were approximately RMB16.7 million.

	Remaining Net Proceeds as at 30 June 2018 (RMB million) (unaudited)	**Net Proceeds utilized for the Period** (RMB million) (unaudited)
Capital expenditure of Yiduoyan Project	16.7	0.3
Development of sales channels and marketing	—	—
Working capital and other general corporate purposes	—	—
Total	16.7	0.3

The Board constantly evaluates the prospect of the marble industry and the PRC's economic condition to determine the most efficient and effective method to deploy the Group's resources. According to the website of China Stone Material Association (中國石材協會), in the first half of 2018, there were 4,226 land transactions in 300 cities in the PRC, representing a year-on-year decrease of 20.94%. The total construction area of the transactions was 41,238,500 m^2, representing a year-on-year decrease of 14.72%. Among them, there were 2,825 residential land transactions, representing a year-on-year decrease of 15.75%. The total transaction area was 30,715,500 m^2, which represented a year-on-year decrease of 15.50%.

This reflects that the property market has slowed down in the PRC and this will directly affect the marble trading business of the Group. Therefore, the Group's marble trading business faces uncertainty in this slowdown of property market in the PRC. While it is the intention of the Group to continue to develop the Yiduoyuan Project, in view of the slowdown in market growth in the PRC, the Group has been slowing down the pace of development of the Yiduoyan Project.

With a view to putting the Company's resources to better use, the Board had therefore temporarily re-allocated the aforesaid unutilized Net Proceeds of approximately HK$20.8 million (equivalent to approximately RMB16.7 million) to the following uses: (1) approximately HK$11.2 million was used in the trading of commodities business of the Group; (2) approximately HK$4.6 million was used in the provision of loans to third parties in the money lending business of the Group; and (3) approximately HK$5.0 million was deposited with licensed banks as saving deposits in Hong Kong and the PRC. It is expected that the Group will obtain the aforesaid HK$20.8 million in or around December 2018 through the settlement of payment by the customers from the business of trading of mineral commodities and the repayment of loans by the borrowers from the money lending business. The Board will keep monitoring the overall development of the marble market and industry in the PRC and will deploy the unutilized Net Proceeds of approximately HK$20.8 million back to the development of the Yiduoyan Project as and when appropriate after taking into account the market environment at the relevant time.

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

(i) First placing of new shares on 16 February 2017

The net proceeds from the placing of new shares under general mandate on 16 February 2017, after deducting the commissions and other fees and expenses in relation to the placing, amounted to approximately HK$34 million (equivalent to approximately RMB30 million).

Up to 30 June 2018, the Group had used the net proceeds as follows:

	Original allocation of net proceeds			Utilisation up to 30 June 2018		Remaining balance of unused net proceeds as at 30 June 2018	
	HK$ (million)	RMB Equivalent (million)	% of net proceeds	HK$ (million) (unaudited)	RMB Equivalent (million) (unaudited)	HK$ (million) (unaudited)	RMB Equivalent (million) (unaudited)
Building a processing plant to produce slabs	24	21	70.59%	1	0.88	23	20.12
General working capital of the Group	10	9	29.41%	10	9	—	—
Total	34	30	100%	11	9.88	23	20.12

The following table sets out the breakdown of the use of proceeds as general working capital of the Group:

	HK$ (unaudited)	**RMB Equivalent** (unaudited)
Administrative expenses	23,000	20,000
Consultation and service	2,621,000	2,330,000
Rental costs	1,292,000	1,148,000
Staff cost	5,064,000	4,501,000
Donation	1,000,000	889,000
Total	10,000,000	8,888,000

In relation to the plan for the construction of a processing plant, the Group plans to construct such processing plant in the stone industry park* (石材產業園) invested by the Nanzhang People's Government* (南漳縣政府人民政府) of the PRC. As at the date of this report, the Group is arranging for the relevant procedures with the government authority for the construction plan, and the land parcel on which the processing plant is to be built is undergoing infrastructure constructions (including ground leveling and access to water, electricity, telecommunication, road and sewage) (五通一平). It is expected that the subject land parcel will be available in or after December 2018. Accordingly, the Group intends to use the remaining proceeds of approximately HK$23 million for the construction of the processing plant when the subject land is available in or after December 2018.

In view of the aforesaid development, up to 30 June 2018, the utilized net proceeds were approximately HK$11 million and the remaining proceeds as at 30 June 2018 were approximately HK$23 million.

As disclosed above, the land for the construction of the processing plant (the "**Subject Land Parcel**") is expected to be available in or around December 2018. In view of the postponement of the timetable for the development of the processing plant, the Group had temporarily re-allocated the remaining proceeds of approximately HK$23 million to the following purposes: (1) approximately HK$15 million were used for investment in equity securities of companies listed on the Stock Exchange; and (2) approximately HK$8 million were used in the business of trading of mineral commodities of the Group. It is expected that the Group will obtain the aforesaid HK$23 million in or around December 2018 when the Subject Land Parcel will be available through the realization of the equity securities and the settlement of payment by the customers from the business of trading of mineral commodities. The Group intends to use the remaining proceeds of approximately HK$23 million for the construction of a processing plant as originally planned.

* *for identification purpose only*

	Remaining net proceeds as at 30 June 2018 (HK$ million) (unaudited)	Net proceeds utilized up to 30 June 2018 (HK$ million) (unaudited)
Building a processing plant to produce slabs	23	1
General working capital of the Group	—	10
Total	23	11

(ii) Second placing of new shares on 18 August 2017

The net proceeds from the placing of new shares under general mandate on 18 August 2017, after deducting the commissions and other fees and expenses in relation to the placing, amounted to approximately HK$36.6 million. The net proceeds have been applied in accordance with the proposed applications set out in the announcements of the Company dated 4 August 2017 and 18 August 2017.

Up to 30 June 2018, the Group had used the net proceeds as follows:

	Original allocation of net proceeds (HK$ million) (unaudited)	Actual use of net proceeds up to 30 June 2018 (HK$ million) (unaudited)
Formation of the two joint venture companies	12	10.2
Working capital of the Group	24.6	24.6
Total	36.6	34.8

Note: Up to 30 June 2018, the Group had used approximately HK$10.2 million for the formation of the two joint venture companies, details of which are set out in the announcement of the Company dated 31 August 2017. The Group will re-allocate the remaining proceeds of HK$1.8 million to working capital and other general corporate purposes including expenses for the Group's day-to-day operation.

The following table sets out the breakdown of the use of proceeds as general working capital of the Group:

	HK$ (unaudited)	RMB Equivalent (unaudited)
Administrative expenses	3,753,000	3,336,000
Consultation and service	4,785,000	4,253,000
Rental costs	1,721,000	1,530,000
Mining cleaning fee	1,643,000	1,460,000
Staff cost	9,758,000	8,674,000
Donation	2,940,000	2,613,000
Total	24,600,000	21,866,000

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2018, the Group had authorized, but not contracted for capital commitments of approximately RMB27.75 million which were primarily for the construction and purchase of property, plant and equipment for our development purpose.

The Group had no significant contingent liabilities as at 30 June 2018.

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 Period. During the Period, the Group did not use financial instruments for hedging purposes. The Group will continue to monitor the exposures to fluctuation in exchange rate of Renminbi and will take necessary procedures to reduce the currency risks arising from the fluctuations in exchange rates at reasonable costs.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and to enhance the corporate value, accountability and transparency of the Company. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Listing Rules. Except for the deviations from code provision 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 Period. 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.

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 had complied with the required standard set out in the Model Code during the Period.

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. Mr. Hu Guoan ("**Mr. Hu**"), a then executive Director (who had retired as a Director on 8 June 2018), 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. Mr. Hu, 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.

The Company has put in place the following measures to ensure compliance of the Model Code by the Directors:

(1) the Company has prepared an internal guideline on share dealings by the directors (which include the relevant requirements and prohibitions under the Model Code) (the "**Internal Guideline**") and such guideline has been circulated to each of the Directors upon them joining the Board;

(2) upon joining the Board, each of the Directors will be provided with a set of comprehensive training materials (the "**Training Materials**") in relation to the Listing Rules, which cover, among others, the requirements and prohibitions on the directors' shares dealing activities under the Model Code. In particular, the Training Materials contains, among others, a separate section on dealing in securities of the Company by the Directors. Such section expressly provides that dealings in the securities of the Company are absolutely prohibited during the period of 60 days immediately preceding the publication date of the annual results; and

(3) before the commencement of the black-out period for the interim results and annual results of the Company, the company secretary of the Company will, on behalf of the Board, notify all the Directors by email (the "**Notification Email**") the date of commencement of each black-out period and remind the Directors regarding the prohibition of shares dealings during the black-out period. It is also expressly set out in such email that the directors are prohibited from dealing in the securities of the Company during the black-out period. A memo on dealing restriction in securities (which also sets the relevant dealing restriction under the Model Code) is also attached to such email for the perusal by the Directors.

The Board considers that the preparation and provision of the Internal Guideline and Training Materials, which set out in Chinese the relevant provisions and requirements under the Model Code, would enable the Directors to obtain an understanding of the dealing restriction during the black-out period and the procedures that they need to follow before dealing in the securities of the Company. Further, the Notification Email, which is sent out to each Director before the commencement of the black-out period, will serve to remind the Directors of the dealing restrictions under the Model Code. The Board therefore considered that the implementation of the above measures would minimize the chance of breach of the Model Code by the Directors in the future.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

EVENTS AFTER THE PERIOD

Voluntary conditional cash offer to acquire all the issued shares of the Company and to cancel all outstanding share options of the Company

As disclosed in the composite document jointly issued by the Company and Zhong Ke Jiu Tai Technology Group Limited (the "**Offeror**") dated 10 August 2018 (the "**Composite Document**"), Southwest Securities (HK) Capital Limited, for and on behalf of the Offeror, made a voluntary conditional cash offer to acquire all the issued shares of the Company (the "**Share Offer**") and to cancel all outstanding share options of the Company (other than those shares owned or agreed to be acquired by the Offeror) (the "**Option Offer**").

As disclosed in the announcement dated 20 July 2018 jointly issued by the Offeror and the Company, during 11 July 2018 to 17 July 2018, each of the holders of share options of the Company (the "**Optionholders**") has given an irrevocable undertaking in favour of the Offeror (the "**Irrevocable Undertakings**"), pursuant to which each of Optionholders has irrevocably undertaken to the Offeror not to exercise the share options and to accept the Option Offer in respect of the share options by no later than the fifth business day after the despatch of the composite document. The composite document had been despatched to the shareholders of the Company and the Optionholders on 10 August 2018.

As disclosed in the joint announcement dated 24 August 2018, all the conditions of the Share Offer and the Option Offer had been fulfilled and the Share Offer and the Option Offer were declared unconditional in all respects on 24 August 2018. On 7 September 2018, the Share Offer and the Option Offer were closed. As at 4:00 p.m. on 7 September 2018, the Offeror received (i) valid acceptances in respect of a total of 1,888,235,000 Shares under the Share Offer, representing approximately 48.79% of the entire issued share capital of the Company as at 7 September 2018; and (ii) valid acceptances in respect of a total of 352,000,000 options under the Option Offer, representing all of the outstanding share options of the Company. Immediately after the close of the Share Offer and the Option Offer, the Offeror and parties acting in concert with it held an aggregate of 2,288,235,000 Shares, representing approximately 59.13% of the entire issued share capital of the Company, and had became a controlling shareholder of the Company.

For details of the Share Offer, the Option Offer, the Irrevocable Undertakings and the intention of the Offeror in relation to the Group, please refer to the announcements jointly issued by the Company and the Offeror dated 10 July 2018, 20 July 2018, 31 July 2018, 24 August 2018 and 7 September 2018 and the Composite Document.

Termination of share option scheme of the Company

On 10 July 2018, the Company received an requisition notice from the Offeror (the "**Requisition Notice**"), which to the best knowledge and belief of the Directors, was a substantial shareholder holding an aggregate of 400,000,000 shares, representing approximately 10.34% of the total issued share capital of the Company at the material time. As set out in the Requisition Notice, the Offeror requested the Board to convene an extraordinary general meeting for the purpose of considering and, if thought fit, passing a resolution to terminate the share option scheme of the Company.

Pursuant to article 58 of the articles of association of the Company, any one or more shareholders of the Company 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 shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

In view of the Requisition Notice and the aforesaid requirement under the articles of association of the Company, an extraordinary general meeting of the Company was held on 3 August 2018, in which an ordinary resolution was duly passed for the termination of the share option scheme of the Company adopted on 8 December 2014 which took effect on 9 January 2015.

Further development in relation to money lending business

As disclosed in the announcements of the Company dated 26 July 2017, 20 August 2017, 17 October 2017 and 15 March 2018 in respect of the acquisition of 100% equity interest in Imperial Dragon Finance Limited (currently known as Future Bright Finance Limited) (the "**Target Company**"), Yi Feng Holding Group Limited (the "**Vendor**") represented and warranted to the Group that the Target Company will execute the drawdowns of at least two loans, each in the amount of HK$3.5 million, with its clients within one year from the date of the share purchase agreement, failing which the Vendor shall compensate the Group with the interest income that is expected to be generated from such drawdowns (the "**Undertaking**"). As at 28 August 2018, since each of the aforesaid two loans was for a term of twelve months, the Undertaking had been fully fulfilled as at the date of this report.

Except as disclosed above, since 30 June 2018 and up to the date of this report, no important events affecting the Group has occurred.

REVIEW OF ACCOUNTS BY THE AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") consists of all independent non-executive Directors, namely Mr. Chow Hiu Tung, Mr, Hu Minglong, Mr. Lau Tai Chim and Mr. Lai Kwok Leung. The major functions of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control of the Group. The Audit Committee had reviewed this report and the unaudited financial results of the Group for the Period and considered that they were prepared in compliance with the relevant accounting standards, and that the Company has made appropriate disclosure thereof under the requirement of the Listing Rules.

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

As at 30 June 2018, the interests or short positions of the Directors and chief executive of the Company in the shares (the "**Shares**"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Law of Hong Kong (the "**SFO**")) as were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to be under such provisions of the SFO), or as were 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 the Model Code are as follows:

Name of Director	Company/name of associated corporation	Capacity and nature of interest	Number of ordinary Shares Long position	Number of ordinary Shares Short position	Approximate % of shareholding
Liu Jie	The Company	Beneficial owner and interest in controlled corporation	1,085,920,000	–	28.06 *(Note 1)*
Yang Xiaoqiu	The Company	Beneficial owner	241,140,000	–	6.23 *(Note 2)*
Rao Dacheng	The Company	Beneficial owner	35,200,000	–	0.91 *(Note 3)*
Wan Tat Wai David	The Company	Beneficial owner	35,200,000	–	0.91 *(Note 4)*
Zhang Decong	The Company	Beneficial owner	3,520,000	–	0.09 *(Note 5)*
Chow Hiu Tung	The Company	Beneficial owner	3,520,000	–	0.09 *(Note 6)*
Lai Kwok Leung	The Company	Beneficial owner	3,520,000	–	0.09 *(Note 7)*
Lau Tai Chim	The Company	Beneficial owner	3,520,000	–	0.09 *(Note 8)*
Zheng Fengwei	The Company	Beneficial owner	35,200,000	–	0.91 *(Note 9)*

Note:

1. These 1,085,920,000 Shares included (i) 3,520,000 underlying 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 241,140,000 Shares included (i) 28,800,000 Shares owned by Ms. Yang Xiaoqiu as beneficial owner and (ii) 212,340,000 Shares indirectly held through Kai De International Holding Limited, a company wholly owned by Ms. Yang Xiaoqiu. Under the SFO, Ms. Yang Xiaoqiu is deemed to be interested in all the Shares registered in the name of Kai De International Holding Limited.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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. Mr. Zheng Fengwei has retired as an executive Director with effect from 8 June 2018.

Save as disclosed above, as at 30 June 2018, 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 POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2018, the following persons or corporations, other than the Directors or chief executives of the Company, had or were deemed or taken to have interests or short positions in the Shares and underlying Shares which were required to be disclosed to the Company under the provisions of 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 % of shareholding**
Victory Spring Ventures Limited	Beneficial owner	1,082,400,000 *(Note 1)*	27.97
Zhang Bi Hua	Beneficial owner and interest in controlled corporation	592,340,000 *(Note 2)*	16.05
China Taihe Group Limited	Beneficial owner	229,960,000 *(Note 2)*	5.90
Li Yuguo	Interest in controlled corporation	400,000,000 *(Note 3)*	10.34
Zhong Ke Jiu Tai Technology Group Limited	Beneficial owner	400,000,000 *(Note 3)*	10.34
Kai De International Holding Limited	Beneficial owner	212,340,000 *(Note 4)*	5.49

Notes:

1. These 1,082,400,000 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 229,960,000 Shares are registered in the name of China Taihe Group Limited, the issued capital of which is owned as to 100% by Zhang Bihua. Under the SFO, Zhang Bihua is deemed to be interested in all the Shares registered in the name of China Taihe Group Limited.

3. These 400,000,000 Shares are registered in the name of Zhong Ke Jiu Tai Technology Group Limited, the issued capital of which is owned as to 100% by Mr. Li Yuguo. Under the SFO, Mr. Li Yuguo is deemed to be interested in all the Shares registered in the name of Zhong Ke Jiu Tai Technology Group Limited.

4. These 212,340,000 Shares are registered in the name of Kai De International Holding Limited, the issued capital of which is owned as to 100% by Ms. Yang Xiaoqiu. Under the SFO, Ms. Yang Xiaoqiu is deemed to be interested in all the Shares registered in the name of Kai De International Holding Limited.

All the interests stated above represent long positions. As at 30 June 2018, 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 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 Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2018.

CHANGES IN COMPOSITION OF THE BOARD

On 8 February 2018, each of Ms. Yang Xiaoqiu and Mr. Chen Gang has been appointed as an executive Director and Mr. Hu Minglong has been appointed as an independent non-executive Director.

On 8 June 2018, each of Mr. Hu Guoan and Mr. Zheng Fengwei has retired as an executive Director.

For details of the above changes, please refer to the announcements of the Company dated 8 February 2018 and 8 June 2018.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June 2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
REVENUE	4	**18,862**	358
Cost of sales		**(15,756)**	(113)
Gross profit		**3,106**	245
Other income and gains	4	**2,421**	752
Selling and distribution expenses		**(4,525)**	(473)
Administrative expenses		**(11,143)**	(9,940)
Other expenses		**(1,554)**	(342)
Finance costs	5	**(37)**	(35)
LOSS BEFORE TAX	6	**(11,732)**	(9,793)
Income tax	7	**(276)**	(713)
LOSS FOR THE PERIOD		**(12,008)**	(10,506)
Attributable to:			
Owners of the parent		**(11,878)**	(10,506)
Non-controlling interests		**(130)**	—
		(12,008)	(10,506)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted — For loss for the period	8	**RMB0.31 cents**	RMB0.29 cents
Dividend	9	**Nil**	Nil

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
LOSS FOR THE PERIOD	**(12,008)**	(10,506)
OTHER COMPREHENSIVE INCOME/ (LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**792**	(1,651)
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD, NET OF TAX	**792**	(1,651)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(11,216)**	(12,157)
Attributable to:		
Owners of the parent	**(11,086)**	(12,157)
Non-controlling interests	**(130)**	—
	(11,216)	(12,157)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2018

	Notes	**30 June 2018 RMB'000 (unaudited)**	31 December 2017 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**18,118**	19,420
Long-term prepayments	10	**841**	754
Goodwill		**4,285**	4,249
Other intangible assets	10	**34,991**	35,940
Total non-current assets		**58,235**	60,363
CURRENT ASSETS			
Inventories	11	**4,328**	2,387
Trade receivables	12	**25,976**	34,285
Prepayments, deposits and other receivables	13	**17,923**	9,998
Equity investments at fair value through profit or loss	14	**12,717**	11,489
Loans receivables	15	**10,581**	5,852
Cash and cash equivalents		**6,165**	19,270
Total current assets		**77,690**	83,281

	Notes	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
CURRENT LIABILITIES			
Trade payables		—	150
Other payables and accruals	16	2,427	2,464
Contract liabilities		116	—
Tax payable		—	474
Total current liabilities		2,543	3,088
NET CURRENT ASSETS		75,147	80,193
TOTAL ASSETS LESS CURRENT LIABILITIES		133,382	140,556
NON-CURRENT LIABILITIES			
Deferred tax liabilities		9,867	9,810
Provision for rehabilitation	17	1,145	1,108
Total non-current liabilities		11,012	10,918
Net assets		122,370	129,638
EQUITY			
Equity attributable to owners of the parent			
Share capital	18	3,087	3,087
Reserves		115,522	126,608
Non-controlling interests		3,761	(57)
Total equity		122,370	129,638

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Share capital RMB'000 (Note 18)	Share premium* RMB'000	Share option reserve* RMB'000	Capital reserve* RMB'000	Contributed reserve* RMB'000	Safety fund surplus reserve* RMB'000	Statutory reserve fund* RMB'000	Foreign currency translation reserve* RMB'000	Accumulated losses* RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2017	2,782	58,174	–	24,216	34,152	78	–	5,306	(38,811)	–	85,897
Loss for the Period	–	–	–	–	–	–	–	–	(10,506)	–	(10,506)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	(1,651)	–	–	(1,651)
Total comprehensive loss for the Period	–	–	–	–	–	–	–	(1,651)	(10,506)	–	(12,157)
Establishment for safety fund surplus reserve	–	–	–	–	–	4	–	–	(4)	–	–
Use of safety fund surplus reserve	–	–	–	–	–	(19)	–	–	–	–	(19)
Placing of shares	151	30,799	–	–	–	–	–	–	–	–	30,950
Share placing expenses	–	(876)	–	–	–	–	–	–	–	–	(876)
At 30 June 2017	2,933	88,097	–	24,216	34,152	63	–	3,655	(49,321)	–	103,795
At 1 January 2018	3,087	119,317	29,105	24,216	34,152	119	238	1,741	(82,280)	(57)	129,638
Loss for the Period	–	–	–	–	–	–	–	–	(11,878)	(130)	(12,008)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	792	–	–	792
Total comprehensive loss for the Period	–	–	–	–	–	–	–	792	(11,878)	(130)	(11,216)
Capital injections from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	3,948	3,948
Establishment for safety fund surplus reserve	–	–	–	–	–	37	–	–	(37)	–	–
At 30 June 2018	3,087	119,317	29,105	24,216	34,152	156	238	2,533	(94,195)	3,761	122,370

* These reserve accounts comprise the consolidated reserves of RMB115,522,000 as at 30 June 2018 (30 June 2017: RMB100,862,000) in the interim condensed consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Notes	For the six months ended 30 June 2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Cash flows from operating activities			
Loss before tax	6	**(11,732)**	(9,793)
Adjustments for:			
Finance costs	5	**37**	35
Interest income	4	**(793)**	—
(Gain)/loss on fair value adjustment of investments at fair value through profit or loss	6	**(1,461)**	339
Impairment of trade receivables	12	**1,364**	—
Use of safety fund surplus reserve		**—**	(19)
Depreciation of items of property, plant and equipment	10	**1,323**	938
Amortisation of a long-term prepayment	10	**83**	29
Amortisation of intangible assets	10	**953**	203
		(10,226)	(8,268)

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Increase in inventories	**(1,941)**	(393)
Decrease in trade receivables	**6,945**	2,209
Increase in prepayments, deposits and other receivables	**(7,598)**	(1,354)
Decrease in trade payables	**(150)**	—
Increase in contract liabilities	**116**	—
Decrease in other payables and accruals	**(37)**	(1,309)
Cash used in operations	**(12,891)**	(9,115)
Interest received	**398**	—
Income taxes paid	**(693)**	(1,154)
Net cash flows used in operating activities	**(13,186)**	(10,269)
Cash flows from investing activities		
Increase in loan receivables	**(4,729)**	—
Interest received	**75**	—
Purchase of items of property, plant and equipment and other long-term assets	**(10)**	(1,885)
Payment for lease premium for land	**(170)**	—
Purchases of investments at fair value through profit or loss	**233**	(13,021)
Net cash flows used in investing activities	**(4,601)**	(14,906)

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cash flows from financing activities		
Proceeds from placing of shares	**—**	30,950
Capital injections from non-controlling shareholders of subsidiaries	**3,948**	—
Share placing expenses	**—**	(876)
Net cash flows from financing activities	**3,948**	30,074
Net (decrease)/increase in cash and cash equivalents	**(13,839)**	4,899
Cash and cash equivalents at beginning of period	**19,270**	22,641
Effect of foreign exchange rate changes, net	**734**	(1,651)
Cash and cash equivalents at end of period	**6,165**	25,889
Analysis of balances of cash and cash equivalents	**6,165**	25,889

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

1. CORPORATE INFORMATION

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

The Company is an investment holding company. During the six months ended 30 June 2018 (the "**Period**"), the Group was involved in the following principal activities :

- excavate and sale of marble blocks;
- production and sale of marble related products; and
- trading of 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 Direct	Indirect	Principal activities
Gold Title Investments Limited	British Virgin Islands	US$50,000	100	—	Investment holding
Future Bright (H.K.) Investment Limited	Hong Kong	HK$10,000	—	100	Commodity trading
Future Bright Enterprise Group Limited	Hong Kong	HK$1	—	100	Investment holding

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
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/Mainland China	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	HK$10,000,000	—	51	Commodity trading
Future Bright Lithium Technology Company Limited	Hong Kong	HK$10,000,000	—	51	Commodity trading
Future Bright Finance Limited****	Hong Kong	HK$10,000	—	100	Money lending
GoGo Education Group Limited	Hong Kong	HK$1	—	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.

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (continued)

*** 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 Period, Imperial Dragon Finance Limited changed its name to Future Bright Finance Limited ("**Future Bright Finance**").

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

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

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements, which comprise the interim condensed consolidated statement of financial position of the Group as at 30 June 2018 and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the Period, have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the "**IASB**").

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards and interpretations effective as of 1 January 2018. The Group has not early adopted any other standards, interpretation or amendments that have been issued but are not yet effective.

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

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

The Group applies, for the first time, IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* that recognise the cumulative effect of the initial application as an adjustment to the opening balance of equity at 1 January 2018. As required by IAS 34, the nature and effect of these changes are disclosed below.

Another amendment applies for the first time in 2018, but does not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. IFRS 9 is not applicable to items that have already been derecognised at 1 January 2018, the date of initial application.

The Group has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018 and chose not to adjust the comparative information for the period beginning 1 January 2017.

(a) Classification and measurement

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the "**SPPI criterion**").

The Group has assessed that its financial assets currently measured at amortised cost and FVPL continue with their respective classification and measurements as of 1 January 2018.

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

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

Amendments to IFRS 9 Financial Instruments (continued)

(a) Classification and measurement (continued)

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. Similar to the requirements of IAS 39, IFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss ("**ECL**") approach.

IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group considers a financial asset in default when contractual payment are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For trade receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix based on both quantitative and qualitative information that is reasonable and supportable, including historical experiences and forward-looking factors specific to the debtors and the economic environment.

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

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

Amendments to IFRS 9 Financial Instruments (continued)

(b) Impairment (continued)

The adoption of the ECL requirements of IFRS 9 resulted in an impact on the impairment allowances of the Group's trade receivables for the amount of RMB1,364,000 as at 30 June 2018.

Amendments to IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a 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 standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective method of adoption. As allowed by IFRS 15, the Group applied the new requirement only to contracts that are not completed before 1 January 2018.

The Group is in the business of the excavate and sale of marble blocks, production and sale of marble related products and trading of mineral commodities. The goods are sold on their own in separately identified contracts with customers.

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

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

Amendments to IFRS 15 Revenue from Contracts with Customers (continued)

(a) *Sale of goods*

The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing and amount of revenue recognition.

(b) Presentation and disclosure requirements

As required for the condensed interim financial statements, the Group disaggregated 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. The Group also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to Note 3 and Note 4 for the disclosure on disaggregated revenue.

Amendments to IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements.

3. 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.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

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.

Six months ended 30 June 2018

	Marble blocks RMB'000 (unaudited)	Commodity trading RMB'000 (unaudited)	Others RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment revenue:				
Sales to external customers	1,860	17,002	–	18,862
Intersegment sales	628	–	–	628
	2,488	17,002	–	19,490
Reconciliation:				
Elimination of intersegment sales				(628)
Revenue				18,862

Six months ended 30 June 2018

	Marble blocks RMB'000 (unaudited)	Commodity trading RMB'000 (unaudited)	Others RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment results	(5,203)	(771)	(376)	(6,350)
Reconciliation:				
Elimination of intersegment results				884
Interest income				793
Finance costs				(37)
Corporate and other unallocated expenses				(7,022)
Loss before tax				(11,732)

3. OPERATING SEGMENT INFORMATION (CONTINUED)

In the period ended 30 June 2017, 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.

30 June 2018

	Marble blocks RMB'000 (unaudited)	Commodity trading RMB'000 (unaudited)	Others RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment assets	69,116	50,281	11,372	130,769
Reconciliation:				
Elimination of intersegment				(18,296)
Corporate and other unallocated assets				23,452
Total assets				135,925
Segment liabilities	21,352	129	1	21,482
Reconciliation:				
Elimination of intersegment payables				(18,296)
Corporate and other unallocated liabilities				10,369
Total liabilities				13,555
Other segment information:				
Depreciation and amortisation	1,674	515	170	2,359
Capital expenditure*	170	10	—	180

* Capital expenditure consists of additions to property, plant and equipment and long-term prepayments.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

31 December 2017

	Marble blocks RMB'000 (audited)	Commodity trading RMB'000 (audited)	Others RMB'000 (audited)	Total RMB'000 (audited)
Segment assets	80,812	39,094	6,551	126,457
Reconciliation:				
Elimination of intersegment				(18,301)
Corporate and other unallocated assets				35,488
Total assets				143,644

31 December 2017

	Marble blocks RMB'000 (audited)	Commodity trading RMB'000 (audited)	Others RMB'000 (audited)	Total RMB'000 (audited)
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.

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from external customers:		
Hong Kong	**12,193**	—
Mainland China	**6,669**	358
Total revenue	**18,862**	358

Information about major customers

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

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Customer A	**2,318**	—
Customer B	**—**	358

4. 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:

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue		
Sale of goods	**18,862**	358
	18,862	358
Goods transferred at a point in time	**18,862**	358
Other income		
Interest income from loans receivable	**779**	—
Bank interest income	**14**	10
Rendering of services	**160**	194
Others	**7**	—
	960	204
Gains		
Foreign exchange differences, net	**—**	548
Fair value gain of equity investments at fair value through profit or loss	**1,461**	—
	2,421	752

5. FINANCE COSTS

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Unwinding of discount *(Note 17)*	**37**	35
	37	35

6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cost of inventories sold	**15,756**	113
Staff costs (including directors' emoluments)		
Wages and salaries	**4,132**	3,318
Pension scheme contributions	**79**	108
	4,211	3,426
Auditor's remuneration	**625**	540
Amortisation of intangible assets *(note 10)*	**953**	203
Amortisation of a long-term prepayment *(note 10)*	**83**	29
Depreciation of items of property, plant and equipment *(note 10)*	**1,323**	938
Impairment of trade receivables *(note 12)*	**1,364**	—
Fair value (gain)/loss of equity investments at fair value through profit or loss	**(1,461)**	339
Minimum lease payments under operating leases	**1,148**	887

7. INCOME TAX

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

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Period.

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

The major components of income tax expense for the Period are as follows:

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current — Mainland China		
Charge for the Period	**—**	—
Under provision in prior years	**219**	572
Deferred	**57**	141
Total tax expense for the Period	**276**	713

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

The calculation of the basic loss per share amounts is based on the loss for the Period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,870,000,000 (six months ended 30 June 2017: 3,645,856,354) in issue during the Period, as adjusted to reflect the rights issue during the Period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2018 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 (six months ended 30 June 2017: Nil).

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

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent	**(11,878)**	(10,506)

	Number of shares For the six months ended 30 June	
	2018	2017
Shares		
Weighted average number of ordinary shares in issue during the Period used in the basic loss per share calculation	**3,870,000,000**	3,645,856,354

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

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

Movements in property, plant and equipment, long-term prepayments and intangible assets during the six months ended 30 June 2018 are as follows:

	Property, plant and equipment RMB'000 (unaudited)	Long-term prepayments RMB'000 (unaudited)	Intangible assets RMB'000 (unaudited)
Carrying amount at 1 January 2018	19,420	754	35,940
Additions	10	170	—
Exchange realignment	18	—	4
Depreciation/amortisation charged for the Period	(1,323)	(83)	(953)
Exchange realignment	(7)	—	—
Carrying amount at 30 June 2018	18,118	841	34,991

The long-term prepayments represent prepayments made to villagers for the use of parcels of forest land for mining activity at Yiduoyan marble mine.

The intangible assets represent the right for the mining of marble reserves at the Yiduoyan mine which is located in Nanzhang County, Hubei Province, the PRC. 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.

11. INVENTORIES

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Finished goods	2,260	718
Materials and supplies	2,068	1,669
Total	4,328	2,387

12. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally two months, extending up to three months for major customers. 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.

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Trade receivables	27,340	34,285
Impairment	(1,364)	—
	25,976	34,285

12. TRADE RECEIVABLES (CONTINUED)

The ageing analysis of trade receivables, based on the goods receivable notes, is as follows:

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Within 3 months	**10,782**	12,673
3 months to 6 months	**1,076**	16,346
Over 6 months	**14,118**	5,266
Total	**25,976**	34,285

The movements in provision for impairment of trade receivables are as follows:

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
At beginning of Period	**—**	—
Impairment losses recognised *(note 6)*	**1,364**	—
Total	**1,364**	—

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

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Neither past due nor impaired	**11,858**	29,019
Over 6 months past due	**14,118**	5,266
Total	**25,976**	34,285

12. TRADE RECEIVABLES (CONTINUED)

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

Receivables that were past due but not impaired relate to independent customers that have good track records 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.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Prepayments	**16,591**	2,938
Deposits and other receivables	**595**	6,700
Interests receivable	**320**	234
Others	**417**	126
Total	**17,923**	9,998

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.

14. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Listed equity investments, at market value	**12,717**	11,489

The above equity investments at 30 June 2018 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.

15. LOANS RECEIVABLES

	Note	**30 June 2018 RMB'000 (unaudited)**	31 December 2017 RMB'000 (audited)
Loans receivables due from			
— Third parties	*(a,b,c)*	**10,581**	5,852
Less: Impairment		**–**	—
		10,581	5,852
Less: Due within 12 months		**(10,581)**	(5,852)
Due after 12 months		**–**	—

(a) On 15 March 2018, Future Bright Finance, a subsidiary within the Group, signed loan agreements to extend two loans, each loan amounting to HK$3,500,000 (equivalent to approximately RMB2,951,000) to two third parties. These loans are pledged by each borrower's securities accounts, within which the value of share is not less than HK$5,000,000, bear interest at a fixed rate of 24% per annum and have a maturity date on 28 August 2018, respectively.

(b) On 15 March 2018, Future Bright Finance signed a loan agreement to provide a loan amounting to HK$2,550,000 (equivalent to approximately RMB2,150,000) to a third party. The loan is secured by personal guarantee, bear interest at a fixed rate of 12% per annum and have a maturity date on 15 April 2018.

(c) On 16 April 2018, Future Bright Finance signed a loan agreement to provide a loan, amounting to HK$3,000,000 (equivalent to approximately RMB2,529,000) to a third party. The loan is pledged by borrower's securities accounts, within which the value of share is not less than HK$5,000,000, bear interest at a fixed rate of 15% per annum and have a maturity date on 16 July 2018.

16. OTHER PAYABLES AND ACCRUALS

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Payroll accruals	**727**	770
Other payables	**1,700**	1,694
Total	**2,427**	2,464

17. PROVISION FOR REHABILITATION

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
At the beginning of Period	**1,108**	1,038
Unwinding of discount *(Note 5)*	**37**	70
At the end of Period	**1,145**	1,108

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

18. SHARE CAPITAL

Shares

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Issued and fully paid: 3,870,000,000 (31 December 2017: 3,870,000,000) ordinary shares	**3,087**	3,087

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 2018	3,870,000,000	3,087	119,317	122,404
At 30 June 2018	3,870,000,000	3,087	119,317	122,404

19. RELATED PARTY TRANSACTION

(a) During the Period, the Group had no material transactions with related parties.

(b) As at the end of the Period, the Group had no outstanding balances with related parties.

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

	For the six months ended 30 June 2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Salaries, allowances and benefits in kind	**2,189**	819
	2,189	819

20. OPERATING LEASE ARRANGEMENTS

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

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Within one year	**1,768**	1,492
In the second to fourth years, inclusive	**1,265**	757
	3,033	2,249

21. CAPITAL COMMITMENTS

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

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Authorized, but not contracted for:	**1,768**	1,492
Property, plant and equipment	**27,752**	28,038

22. FINANCIAL INSTRUMENTS BY CATEGORY

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

30 June 2018
Financial assets

	Financial assets at fair value through profit or loss held for trading RMB'000 (unaudited)	Loans and receivables RMB'000 (unaudited)	Total RMB'000 (unaudited)
Trade receivables	—	25,976	25,976
Investments at fair value through profit or loss	12,717	—	12,717
Financial assets included in prepayments, deposits and other receivables	—	915	915
Loans receivables	—	10,581	10,581
Cash and cash equivalents	—	6,165	6,165
	12,717	43,637	56,354

Financial liabilities

	Financial liabilities at amortised cost RMB'000 (unaudited)	Total RMB'000 (unaudited)
Financial liabilities included in other payables and accruals	1,700	1,700

22. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2017
Financial assets

	Financial assets at fair value through profit or loss held for trading RMB'000 (audited)	Loans and receivables RMB'000 (audited)	Total RMB'000 (audited)
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 receivables	—	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 (audited)	Total RMB'000 (audited)
Trade payables	150	150
Financial liabilities included in other payables and accruals	1,694	1,694
	1,844	1,844

23. FAIR VALUE AND FAIR VALUE HIERARCHY

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:

30 June 2018

	Carrying amounts	**Fair values**
	RMB'000	RMB'000
Financial assets		
Investments at fair value through profit or loss	12,717	12,717

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.

23. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2018

	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
Investments at fair value through profit or loss	12,717	–	–	12,717

24. EVENT AFTER THE REPORTING PERIOD

On 10 July 2018, Zhong Ke Jiu Tai Technology Group Limited ("**Zhong Ke Jiu Tai**") and the Group jointly announced that Sout hwest HK Capital will, for and on behalf of Zhong Ke Jiu Tai, make a voluntary conditional cash offer to acquire all of the issued shares and cancel all outstanding share options of the Group (other than those shares owned or agreed to be acquired by Zhong Ke Jiu Tai or parties acting in concert with it).

25. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 August 2018.

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