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

Annual Report 2015 年報

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Director
Zhou Tai Ping *(Chairman)*
Zhang Decong
Lee Suk Fong
Wan Tat Wai David

Non-executive Directors
Hu Jin Xiong
Li Ethan Jing
Leung Kar Fai

Independent non-executive Directors
Chow Hiu Tung
Lau Tai Chim
Sin Ka King
Tsang Hing Hung

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

COMPANY SECRETARY

Ho Yuk Ming Hugo
Fung Nam Shan

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Guangdong Finance Building
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Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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REGISTERED OFFICE

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Grand Cayman
KY1-1111
Cayman Islands

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

Ho Yuk Ming Hugo
Leung Kar Fai

PRINCIPAL BANKERS

Bank of Communications Company Limited,
Hong Kong Branch

LEGAL ADVISERS IN HONG KONG

Stevenson, Wong & Co.
ONC Lawyers

AUDITOR

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
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P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPLIANCE ADVISER

Guotai Junan Capital Limited

COMPANY'S WEBSITE

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

KEY FINANCIAL HIGHLIGHTS

	2015 RMB'000	2014 RMB'000	Change
RESULTS			
Revenue	**11,271**	2,858	294.4%
Gross profit	**7,889**	1,582	398.7%
Loss before tax	**(1,463)**	(12,459)	(88.3%)
Income tax (expense)/credit	**(1,301)**	225	(678.2%)
Loss attributable to owners of the Parent	**(2,764)**	(12,234)	(77.4%)
Basic and diluted loss per share	**RMB0.8 cents**	RMB5.6 cents	(85.7%)

	2015 RMB'000	2014 RMB'000	Change
KEY ITEMS IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Equity attributable to owners of the Parent	**95,104**	42,002	126.4%
Total assets	**107,915**	66,747	61.7%
Net assets per share	**RMB0.27**	RMB0.19	42.1%

	2015	2014	Change
OPERATION SUMMARY			
Production volume (m^3)	**7,570**	3,432	120.6%
Sales volume (m^3)	**3,127**	3,099	0.9%
Average sale price, excluding VAT (RMB)	**3,687**	3,763	(2.0%)

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of the Company, I am pleased to submit the annual report ("this report") of Future Bright Mining Holdings Limited (the "Company" or "Parent") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015 (the "Year").

The year of 2015 has been undoubtedly meaningful for the development of the Group. The Group was successfully listed (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 January 2015 (the "Listing Date"). The proceeds from the Listing will be used to fund our future capital requirements of the Yiduoyan mine located in Hubei Province of the People's Republic of China (the "PRC") (the "Yiduoyan Project") as well as to fund the expansion of our sales channels and marketing and for working capital and other general corporate purposes.

During the Year, in line with higher production and sales achieved in the Year, the Group recorded a revenue of approximately RMB11.3 million (2014: RMB2.9 million). The loss attributable to owners of the Parent has been significantly decreased to approximately RMB2.8 million for the Year (2014: loss of approximately RMB12.2 million) as a result of the increase in the sales volume of marble blocks during the Year.

During the Year, we have been focusing on developing the Yiduoyan Project, which is an open pit mine located in Hubei Province of the PRC. Having obtained the 8,000 m^3 Approval in 2014, we obtained another 20,000 m^3 Approval in May 2015 and a total of 7,570 m^3 of marble blocks have already been produced.

In view of a number of uncertainties and unfavourable factors such as the possibility of increase in interest rate in the United States, sustainability of growth in the PRC and the possibility of fluctuation in marble prices in the year of 2016. The Group will continue to make efforts to finish its expansion plan and improve its operating efficiency in 2016. Furthermore, the Group will continue to develop the Yiduoyan Project and aim at achieving production at a production rate of 16,000 m^3 per annum in 2016 and 20,000 m^3 per annum at the beginning of 2017.

In 2016, the Group will continue to explore new investment opportunities around the PRC, hoping to further expand the Group's scale, widen its asset base and increase its profitability through merger and acquisitions, with the aim to bring stable, long-term high returns to our shareholders.

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

Zhou Tai Ping
Executive Director, Chairman and Chief Executive Officer

Hong Kong, 23 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the Year, the Group's operating revenue was approximately RMB11.3 million, which represented a significant increase of approximately 294.4% as compared to the operating revenue of approximately RMB2.9 million for the year ended 31 December 2014 (the "FY2014") as we commenced limited commercial production since September 2014. The revenue represented sale of marble blocks income derived from the Yiduoyan Project located in Hubei Province of the PRC.

Cost of Sales

The Group's cost of sales rendered an increase from approximately RMB1.3 million for the FY2014 to approximately RMB3.4 million for the Year. This was in line with higher production and sales achieved in the Year. The cost of sales represents marble blocks mining costs, which mainly included mining labour costs, materials consumption, fuel, electricity, depreciation of production equipments and amortization of mining rights.

Gross Profit and Gross Profit Margin

The gross profit of the Group amounted to approximately RMB7.9 million and the gross profit margin was approximately 70.0% for the Year, which represented an increase of 398.7% as compared with gross profit for FY2014 of approximately RMB1.6 million (2014: gross profit margin of approximately 55.4%).

Other Income and Gains

Other income and gains was approximately RMB2.6 million for the Year, which represented a significant decrease of approximately RMB5 million as compared to the other income and gains of approximately RMB7.6 million for the FY2014. The decrease was mainly due to the decrease in revenue generated from the sales of by-products extracted during the development of the mine which was an unintended benefit. Such activities was integral to the development of the mine in 2014.

Selling and Distribution expenses

Selling and distribution expenses mainly consisted of salaries and wages of the Group's sales and distribution staff and their entertainment and travelling expenses and were approximately RMB0.8 million (2014: RMB0.9 million), representing approximately 6.7% of the revenue for the Year (2014: 30.8%).

Administrative expenses

Administrative expenses decreased by RMB10.2 million or 49.6% from approximately RMB20.6 million for the FY2014 to approximately RMB10.4 million for the Year. The decrease was mainly due to the Listing expenses incurred in 2014. Administrative expenses mainly included the legal and professional fees, consultancy fees and salaries of staff.

Loss attributable to owners of the Parent

In summary, loss attributable to owners of the Parent was approximately RMB2.8 million for the Year (2014: Loss of RMB12.2 million). The decrease of loss was mainly resulted from the increase in the sales volume of marble blocks during the Year.

Consolidation Statements of Financial Position of the Company

As at 31 December 2015, the Group had net current assets of approximately RMB45.0 million (2014: net current liabilities of RMB5.5 million) which was mainly resulted from the net proceeds raised from the Listing and total assets less current liabilities of RMB105.6 million (2014: RMB51.8 million).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Benefitted from the continuing and stable PRC national economic development, the improving living standard, the favourable policies and the substantive market demand, especially the exponential demand for decoration and renovation works under the rapid growth of the construction and property industries which are the pillars of the national economy, the construction and decoration industry has a sustainable and promising prospect. Marbles have simple mineral composition and are easy to process and delicate in texture with good mirror effect. Therefore, marbles are widely used in construction as a kind of decorative materials. All these factors create a propitious external environment and great opportunities for the marble industry to boom.

According to a market study report in relation to the marble industry, the properties in the PRC will tend to be dominated by small fully-furbished apartments, demonstrating that marbles will be a major decorative material for homes. In addition, the increasingly popular tailor-made furniture should drive market expansion for marble-decorated homes. It is estimated that marble enterprises will develop to provide one-stop service solution to meet customer needs.

BUSINESS REVIEW

During the Year, we have been focusing on the development of the Yiduoyan Project. Having obtained the 8,000 m^3 Approval in 2014, we obtained the 20,000 m^3 Approval in May 2015. The 8,000 m^3 Approval means the inspection and acceptance approval of completion of environmental production facilities (for stage one) for production at a production rate of 8,000 m^3 per annum issued by Nanzhang Environmental Protection Bureau on 5 September 2014, whereas the 20,000 m^3 Approval means the inspection and acceptance approval of completion of environmental production facilities for production at a full production rate of 20,000 m^3 per annum obtained from and issued by Nanzhang Environmental Protection Bureau in May 2015. A total of 7,570 m^3 of marble blocks have already been produced. Marble blocks mined from the Yiduoyan Project are our principal products.

During the Year, we have established a wholly-owned subsidiary, namely, Guangdong Future Bright Building Materials Limited ("FB Building Materials") in the PRC. It is intended that FB Building Materials will be principally engaged in the sales of marble related products as an ancillary marble product of the Group.

On 4 November 2015, Smart Triumph Group Holdings Limited ("Smart Triumph"), a newly incorporated wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding to acquire 51% equity interest in Sichuan Gofortune Supply Chain Management Joint Stock Company Limited ("Gofortune") for a total cash consideration of not exceeding HK$1,680,000. The proposed acquisition was terminated on 10 December 2015.

We will continue to develop the Yiduoyan Project and aim at achieving production at a production rate of 16,000 m^3 per annum in 2016 and 20,000 m^3 per annum at the beginning of 2017. We will increase product exposure and recognition through industry exchanges. In addition, we will expand our resource through further exploration of the Yiduoyan Project and selective acquisitions. We will strive to recruit more talents with established industry expertise to further enhance our competitiveness. Our vision is to become a well-known marble blocks supplier in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

MAJOR EXPLORATION, DEVELOPMENT AND PRODUCTION ACTIVITIES

In 2015, efforts were made in the expansion of the 900 m haulage road connecting the provincial highway and the initial mining area. Also, we constructed a block yard with the dimensions of approximately 100 m x 30 m nearby the conjunction of the haulage road and a provincial highway, which serves as a loading area. Such expansion provided a larger stockpiling and transit capacity of the block yard. The 250 KVA transformer installed in 2014 is still sufficient to meet the needs for production and accommodation at our mine site, and is readily available for capacity expansion. Bench at level 548 m has been mined out. Mining at level 540 m and 532 m is underway. To reach the plannned production target, we will start carrying out mining operations at an additional bench at level 524 m which has been formed but mining is yet to commence. With the construction work done in 2015, top soils and overburdens have been basically stripped. Mining continues in a bench-by-bench pushback manner downwards.

After obtaining the 8,000 m^3 Approval in 2014, we were further granted the 20,000 m^3 Approval in May 2015. In 2015, our output of marble blocks amounted to 7,570 m^3, which has already reached the projected output for the Year as stated in our prospectus dated 29 December 2014 (the "Prospectus"). We will continue to expand our mining area in an anticipation to achieve our targeted production capacity of 16,000 m^3 per annum in 2016.

The Company did not have exploration activities during the Year. In the reporting period, the capital expenditure of Yiduoyan Project was approximately RMB9.4 million.

RESOURCE AND RESERVE

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

The following table summarizes the marble resource and reserve estimates prepared in accordance with JORC Code (2012 Edition):

Yiduoyan marble resource statement as at 31 December 2015

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

Yiduoyan marble reserve statement as at 31 December 2015

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

MANAGEMENT DISCUSSION AND ANALYSIS

MAJOR ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Year, we have established FB Building Materials, a wholly-owned subsidiary of the Company in the PRC. It is intended that FB Building Materials will be principally engaged in the sales of marble related products as an ancillary marble product of the Group.

On 4 November 2015, Smart Triumph, a newly incorporated wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding to acquire 51% equity interest in Gofortune for a total cash consideration of not exceeding HK$1,680,000. The proposed acquisition was terminated on 10 December 2015.

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

PRINCIPAL RISKS AND UNCERTAINTIES

Limited operating history

The Yiduoyan Project is still in a development stage where full-scale site construction is currently taking place. We plan to reach a full production capacity of 20,000 m^3 per annum at the beginning of 2017. Our limited operating history makes the evaluation of our business and prediction of our future operating results and prospects difficult.

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

Single mining project

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

Inherently high-risk industry

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

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

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

Limited number of customers

We had only entered into sales contracts separately with four customers. The aggregate amount of purchase from these customers under the existing sales contracts we entered with them will be 3,000 m^3, 7,500 m^3 and 16,000 m^3 for the 3 years ending 31 December 2016 respectively and our revenue for the said period will be derived entirely from sales to these four customers. In addition, if the sales contracts with these customers are renewed and the aggregate annual quantity of marble blocks they will purchase from us is maintained at 16,000 m^3 per annum, such annual aggregate sales will account for 80% of our annual production capacity of 20,000 m^3 in 2017. In the event that any of these customers are to substantially reduce the quantity of their purchase order notwithstanding the minimum quantity they are obliged to purchase or to terminate their business relation with us entirely, our business and results of operations may be materially and adversely affected if we are unable to find substitute customers in a timely manner.

Operating risks and hazards

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Strategy	KPIs	Performance
Maximise value for its shareholders	Gross profit margin = 70.0% (2014: 55.4%) Return on equity = -2.9% (2014: -29.1%)	During the Year, with our experienced core technical team with extensive industry and management experience and our dedicated efforts to maintain and strengthen relationships with customers, we have reached the projected output for the Year and increased our sales and were able to maintain low operating costs. These contribute to our growth in profit and profit margin and reduction in loss incurred when compared with the FY2014.
Enhance customers satisfaction and maintain quality control	Number of complaint from customers= 0 (2014: 0)	The Group has established its quality control team. The Group targets to maintain its zero customer complaint record.
Improve the Group's liquidity	Financing activity cash inflow = RMB51,780,000 (2014: RMB7,336,000) Cash and bank balances = RMB35,871,000 (2014: RMB2,593,000)	The Group has strengthened its financial position. The Group targets to increase its cash to a higher security level.
Strive for the "Zero Harm" safety goal	Number of occupational injury = 0 (2014: 0)	The Group has developed and implemented a system to monitor and record employee occupational safety statistics and provided training on production safety for its mining staff.

MANAGEMENT DISCUSSION AND ANALYSIS

RELATIONSHIPS WITH CUSTOMERS, SUPPLIERS, CONTRACTORS AND EMPLOYEES

The Group has entered into sales contracts separately with a construction and decoration company and three dimension stone processors in Guangdong Province of the PRC. As at the end of the Year, we had around 2 years business relationship with these customers. These sales contracts will expire on 31 December 2016, subject to renewal for a term of not less than 2 year unless otherwise terminated. The Group maintains good relationship with these customers. The Group will continue to maintain and strengthen its relationships with its customers through regular contacts with them. The Group will also seek to further broaden its potential customer base and business opportunities.

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

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

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

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

ENVIRONMENTAL POLICIES

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

MANAGEMENT DISCUSSION AND ANALYSIS

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:

Developing the Yiduoyan Project

We will continue to implement our development plan on the Yiduoyan Project and our mining capacity for marble blocks is expected to increase to 16,000 m^3 per annum in 2016. Following the completion of our development plan at the beginning of 2017, our mining capacity for marble blocks is expected to reach full production rate of 20,000 m^3 per annum.

Develop product recognition

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

Expand our resource through further exploration of the Yiduoyan Project and selective acquisitions

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

SEGMENT INFORMATION

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

LIQUIDITY AND CAPITAL RESOURCES, GEARING RATIO

During the Year, the Group's primary use of liquidity has been to invest in the development of our mine and for its working capital, which are funded by a combination of bank borrowings, capital contribution by shareholders as well as cash generated from operation.

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

The Group had no borrowings as at 31 December 2015, therefore the gearing ratio is not applicable. The current ratio of the Group as at 31 December 2015 was about 20.7 times as compared to 0.6 times as at 31 December 2014, based on current assets of RMB47.3 million (2014: RMB9.4 million) and current liabilities of RMB2.3 million (2014: RMB14.9 million). It was mainly resulted from the net proceeds raised from the Listing.

CAPITAL STRUCTURE

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

As part of the preparation for the Listing, the Company implemented a capitalization issue of 263,999,800 shares of the Company (the "Shares") and an issue of 88,000,000 new Shares on 9 January 2015.

After completion of the above issue of Shares during the Year, the total number of issued Shares of the Company was increased from 200 Shares as at 1 January 2015 to 352,000,000 Shares as at the Listing Date, and has remained unchanged since then.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group employed a total of 32 full time employees, located in Hong Kong and the PRC.

Employees' remuneration packages have been reviewed periodically and determined with reference to the performance of the individual and prevailing market practices. Remuneration packages include base salaries and other employees' benefits including contributions to statutory mandatory provident funds for our Hong Kong employees, and social insurance together with housing provident funds for our PRC employees. Share options may also be granted to eligible employees.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2015, the Group authorized, but not contracted for capital commitments of approximately RMB28.1 million primarily for the construction and purchase of property, plant and equipment for our development purpose.

The Group had no material contingent liabilities as at 31 December 2015.

SIGNIFICANT INVESTMENTS HELD

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus or this report, there was no specific plan for material investments or capital asset as at 31 December 2015.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and to enhance the corporate value, accountability and transparency of the Company. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code (the "CG Code") in Appendix 14 to the Listing Rules. Except for the deviations from code provision A.2.1 and A.4.1 of the CG Code as explained below, the Company has complied with the applicable code provisions of the CG Code since the Listing Date to 31 December 2015 (the "Reporting 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.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. On 19 October 2015, Mr. Guo Xiao Ping ceased to be the chairman, executive director and chief executive officer of the Company and Mr. Zhou Tai Ping was appointed as the chairman, executive director and chief executive officer of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of providing the Group with strong and consistent leadership that would allow for more effective and efficient overall strategic planning of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group.

According to code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. The non-executive Directors and independent non-executive Directors are not appointed for a specific term but they are subject to retirement by rotation and re-election in accordance with the articles of association of the Company (the "Articles").

The term of appointment of non-executive Directors and independent non-executive Directors has been disclosed in the section headed "Directors and Directors' service contracts" in the Report of the Directors of this report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company 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 of the Listing Rules (the "Model Code").

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

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

Composition

As at 31 December 2015, the Board comprises ten members. Mr. Zhou Tai Ping acts as the chairman of the Board. The other executive Directors are Mr. Zhang Decong and Mr. Yuan Shan (alternate director to Mr. Zhang Decong). The Company has three non-executive Directors, namely Mr. Hu Jin Xiong, Mr. Li Ethan Jing and Mr. Leung Kar Fai. The Company has four independent non-executive Directors, namely Mr. Tsang Hing Hung, Mr. Chow Hiu Tung, Mr. Lau Tai Chim and Mr. Sin Ka King.

Board Members	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Zhou Tai Ping	chairman			
Mr. Zhang Decong	member			
Mr. Yuan Shan *(alternate director to Mr. Zhang Decong)*	member			
Mr. Hu Jin Xiong	member			
Mr. Li Ethan Jing	member			
Mr. Leung Kar Fai	member			
Mr. Tsang Hing Hung	member	chairman	chairman	chairman
Mr. Chow Hiu Tung	member	member	member	member
Mr. Lau Tai Chim	member	member	member	member
Mr. Sin Ka King	member	member	member	member

Two additional executive Directors, namely Ms. Lee Suk Fong and Mr. Wan Tat Wai David, were appointed on 12 April 2016.

All the Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed on pages 32 to 35 of this report. Save as disclosed therein, there are no financial, business, family or other material or relevant relationships among members of the Board.

Since the Listing Date, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors (representing at least one-third of the Board), with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

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

Function

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

CORPORATE GOVERNANCE REPORT

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

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

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

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies and practices on corporate governance, the training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements. A board meeting held on 8 December 2014 has adopted the CG code.

There are 8 meetings being held during the Year and the attendance of individual Directors is as follows:

	Board Meetings
Zhou Tai Ping *(chairman) (appointed on 19 October 2015)*	5/8
Guo Xiao Ping *(resigned on 19 October 2015)*	4/8
Zhang Decong	8/8
Yuan Shan *(alternate director to Zhang Decong)*	0/8
Hu Jin Xiong	8/8
Li Ethan Jing	8/8
Leung Kar Fai	8/8
Tsang Hing Hung *(appointed on 10 December 2015)*	1/8
Chow Hiu Tung	8/8
Lau Tai Chim	8/8
Sin Ka King	8/8

The attendance record of individual Directors at the annual general meeting of the Company held on 3 June 2015 is set out below:

	AGM
Zhou Tai Ping *(chairman) (appointed on 19 October 2015)*	N/A
Guo Xiao Ping *(resigned on 19 October 2015)*	1/1
Zhang Decong	0/1
Yuan Shan *(alternate director to Zhang Decong)*	0/1
Hu Jin Xiong	1/1
Li Ethan Jing	1/1
Leung Kar Fai	1/1
Tsang Hing Hung *(appointed on 10 December 2015)*	N/A
Chow Hiu Tung	1/1
Lau Tai Chim	1/1
Sin Ka King	0/1

Training and Support for Directors

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

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

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

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

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

Name of director	Attending seminar(s)/ programme(s)/conference(s) relevant to the business or directors' duties	Reading materials
Zhou Tai Ping *(Chairman)* *(appointed on 19 October 2015)*	√	√
Guo Xiao Ping *(resigned on 19 October 2015)*	√	√
Zhang Decong	√	
Yuan Shan *(alternate Director to Zhang Decong)*	√	
Hu Jin Xiong	√	√
Li Ethan Jing	√	√
Leung Kar Fai	√	√
Tsang Hing Hung *(appointed on 10 December 2015)*	√	
Chow Hiu Tung	√	√
Lau Tai Chim	√	√
Sin Ka King	√	

Directors' and officers' insurance and indemnities

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

CORPORATE GOVERNANCE REPORT

Responsibilities

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

Director's Responsibilities for the Financial Statements

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

- selected suitable accounting policies and applied them consistently;

- approved adoption of all Hong Kong Financial Reporting Standards ("HKFRSs") which are in conformity with the International Financial Reporting Standards ("IFRSs"); and

- made judgments and estimates that are prudent and reasonable; and have prepared the consolidated financial statements on the going concern basis.

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

Delegation by the board

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

Audit Committee

With effect from 8 December 2014, an audit committee of the Board (the "Audit Committee") has been set up with written terms of reference, which was amended and revised on 10 December 2015 in accordance with the requirements of the Listing Rules. The Audit Committee consists of all the independent non-executive Directors, namely Mr. Tsang Hing Hung, Mr. Chow Hiu Tung, Mr. Lau Tai Chim and Mr. Sin Ka King. It is chaired by Mr. Tsang Hing Hung.

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

CORPORATE GOVERNANCE REPORT

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

Tsang Hing Hung *(chairman) (appointed on 10 December 2015)*	0/4
Chow Hiu Tung	4/4
Lau Tai Chim	4/4
Sin Ka King	4/4

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

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

Remuneration Committee

With effect from 8 December 2014, a remuneration committee of the Board (the "Remuneration Committee") has been set up with written terms of reference in compliance with the Listing Rules to review the remuneration package, performance-based remuneration and termination compensation of the Directors and senior management of the Group. The Remuneration Committee consists of all the independent non-executive Directors, namely Mr. Tsang Hing Hung, Mr. Chow Hiu Tung, Mr. Lau Tai Chim and Mr. Sin Ka King. It is chaired by Mr. Tsang Hing Hung.

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

The Remuneration Committee shall meet not less than once a year. There are three Remuneration Committee's meetings being held during the Year. The individual attendance of each member is as follows:

Tsang Hing Hung *(chairman) (appointed on 10 December 2015)*	0/3
Chow Hiu Tung	3/3
Lau Tai Chim	3/3
Sin Ka King	3/3

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

Nomination committee

With effect from 8 December 2014, a nomination committee of the Board (the "Nomination Committee") has been set up with written terms of reference in accordance with the requirements of the Listing Rules. The Audit Committee consists of all the independent non-executive Directors, namely Mr. Tsang Hing Hung, Mr. Chow Hiu Tung, Mr. Lau Tai Chim and Mr. Sin Ka King. It is chaired by Mr. Tsang Hing Hung.

CORPORATE GOVERNANCE REPORT

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

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

Tsang Hing Hung *(Chairman) (appointed on 10 December 2015)*	0/3
Chow Hiu Tung	3/3
Lau Tai Chim	3/3
Sin Ka King	3/3

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

Board Diversity Policy

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

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

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

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

RESPONSIBILITIES AND REMUNERATION OF EXTERNAL AUDITOR

The statement of the external auditors of the Company, Messrs. Ernst & Young, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 36 to 37.

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

Services rendered:	RMB'000
– audit services	1,000

The auditors did not provide any non-audit services to the Company for the Year.

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

INTERNAL CONTROL AND RISK MANAGEMENT

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

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

The Board has reviewed the effectiveness of the Group's internal control and risk management systems. Based on information furnished to it and its own observations, the Board is satisfied that the present internal control and risk management systems of the Group are effective and adequate in all material respects.

COMPANY SECRETARY

Mr. Ho Yuk Ming Hugo and Mr. Fung Nam Shan are the joint company secretaries of the Company. Mr. Ho, secretary to the Board, is one of our authorised representatives and the main contact person with the Stock Exchange. As at 31 December 2015, each of Mr. Ho and Mr. Fung has taken no less than 15 hours of relevant professional trainings to update their skill and knowledge as required under the Listing Rules. Please refer to the section "Biography of Directors and Senior Management" of this report for their biographical information.

COMMUNICATIONS WITH SHAREHOLDERS

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

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

During the Year, an up-to-date version of the Articles is available on the Company's website and the Stock Exchange's website.

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

CONSTITUTIONAL DOCUMENTS

Pursuant to resolutions of the shareholders of the Company passed on 8 December 2015, the Articles were adopted with effect from the Listing Date. Since the Listing Date and up to the date of this report, no change has been made to the Articles and the memorandum of association of the Company. The Articles and the memorandum of association of the Company are available on the websites of the Stock Exchange and the Company.

REPORT OF THE DIRECTORS

The Directors are pleased to present this annual report and the audited consolidated financial statements for the year ended 31 December 2015 (the "Year").

PRINCIPAL ACTIVITIES

The Company is a marble mining company and it acts as an investment holding company. The Group has been focusing on developing the Yiduoyan Project, which is an open pit mine located in Hubei Province of the PRC. The principal activities and other particulars of its subsidiaries are set out in note 1 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Year and the state of affairs of the Group as at 31 December 2015 are set out in the consolidated financial statements on pages 38 to 89 of this report.

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

It is proposed that the forthcoming annual general meeting of the Company to be held on Tuesday, 7 June 2016 (the "2016 AGM").

CLOSURE OF REGISTER OF MEMBERS

In order to establish entitlements to attend and vote at the 2016 AGM, the register of members of the Company will be closed from Friday, 3 June 2016 to Tuesday, 7 June 2016, both days inclusive, during which period no transfer of the Shares can be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 2 June 2016.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The Company's Shares were listed on the Main Board of the Stock Exchange on 9 January 2015. As part of the preparation for the listing of the Shares on the Stock Exchange, the Company implemented a capitalization issue of 263,999,800 Shares and an issue of 88,000,000 new Shares during the Listing. All such issued Shares were ordinary Shares and the 88,000,000 new Shares were issued at HK$0.88 per Share. The net proceeds from the placing and public offer amounted to approximately HK$56 million (equivalent to approximately RMB45 million). The net proceeds have been and will be applied in accordance with the proposed applications set out in the section headed "Future plans and use of proceeds" contained in the Prospectus. During the Year, the utilized net proceeds were approximately RMB9.9 million (details as follow) and the remaining proceeds as at 31 December 2015 were approximately RMB35.0 million and they were deposited with licensed banks as saving deposits in Hong Kong and the PRC.

	Remaining Proceeds as at 31 December 2015	**Proceeds Utilized for the year under review**
	RMB million	RMB million
Capital expenditure of the Yiduoyan Project	27.1	9.4
Development of sales channels and marketing	4.0	–
Working capital and other general corporate purposes	3.9	0.5
Total	35.0	9.9

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

In 2015, the information in respect of the Group's sales and purchases attributable to the major customers and suppliers is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	55.7% (2014: 46.6%)	
Five largest customers in aggregate	100% (2014: 100%)	
The largest supplier		82.6% (2014: 33.6%)
Five largest suppliers in aggregate		94.7% (2014: 82.0%)

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

SHARE PREMIUM, RESERVES AND DISTRIBUTABLE RESERVES

As of 31 December 2015, the aggregate amount of reserves available for distribution to the equity holders of the Company amounted to approximately RMB70.1 million (2014: approximately RMB17.8 million).

Details of movements in the share premium and reserves of the Group during the Year are set out in note 25 to the audited financial statements.

SHARE CAPITAL

Particulars of the Company's share capital are set out in note 24 to the audited financial statements.

CHARITABLE DONATIONS

Charitable and other donations made by the Group during the Year amounted to HK$Nil (2014: HK$1 million).

SEGMENT INFORMATION

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

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the period from 21 September to 31 December 2012 and the years ended 31 December 2013, 2014 and 2015, as extracted from the audited financial statements, is set out on page 90. This summary is for information only and does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the Year and up to the date of this report were:

Executive directors:
Zhou Tai Ping *(Chairman) (appointed on 19 October 2015)*
Guo Xiao Ping *(resigned on 19 October 2015)*
Zhang Decong
Yuan Shan *(alternate Director to Zhang Decong)*
Lee Suk Fong *(appointed on 12 April 2016)*
Wan Tat Wai David *(appointed on 12 April 2016)*

Non-executive directors:
Hu Jin Xiong
Li Ethan Jing
Leung Kar Fai

Independent non-executive directors:
Chow Hiu Tung
Lau Tai Chim
Sin Ka King
Tsang Hing Hung *(appointed on 10 December 2015)*

The biographical details of the Directors are set out on pages 32 to 35 of this report.

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

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

In accordance with article 83(3) and article 84 of the Articles, Mr. Zhou Tai Ping, Mr. Zhang Decong, Ms. Lee Suk Fong, Mr. Wan Tat Wai David, Mr. Sin Ka King, Mr. Chow Hiu Tung and Mr. Tsang Hing Hung will retire as Directors at the 2016 AGM.

All the above retiring Directors, being eligible, offer themselves for re-election at the 2016 AGM.

Each of the executive Directors (including Mr. Yuan Shan as an alternate Director to Mr. Zhang Decong) has entered into a service agreement with the Company and each appointment is for an initial term of three years.

Each of the non-executive Directors and independent non-executive Directors have entered into a letter of appointment with the Company for an initial term commencing on the date of the letter of appointment and shall continue thereafter unless terminated by either party giving at least one month's notice in writing or equivalent payment in lieu.

REPORT OF THE DIRECTORS

Save as disclosed above, no Director proposed for re-election at the 2016 AGM has or is proposed to have a service contract with any member of the Group which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

NON-COMPETITION UNDERTAKING

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

Details of the undertakings under the Deed of Non-Competition have been set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus.

Each of the Covenantors has given an annual declaration to the Company confirming that he/it has complied with the non-competition undertakings provided to the Company under the Deed of Non-Competition. The independent non-executive Directors have reviewed the status of compliance and enforcement of the the non-competition undertakings and confirmed that all the undertakings thereunder have been complied with for the Year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

DIRECTORS' MATERIAL INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

CONTROLLING SHAREHOLDERS' INTEREST

Save as disclosed herein, there were no contracts of significance between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries or any contracts of any significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

SHARE OPTION SCHEME

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

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

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

* *for identification purpose only*

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

As at the date of this report, the outstanding number of share options available for grant under the Scheme is 35,200,000 share options to subscribe for the Shares, representing approximately 10% of the issued share capital of the Company..

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

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

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

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

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

As at 31 December 2015, no options has been granted or agreed to be granted by the Company under the Share Option Scheme.

REPORT OF THE DIRECTORS

DISCLOSURE OF INTERESTS

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

As at 31 December 2015, the interests or short positions of the Directors and chief executive in 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 Laws 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 Appendix 10 of the Listing Rules (the "Model Code"):

Name of Director	Company/name of associated corporation	Nature of interest	Number of Shares Long Position	Number of Shares Short Position	Approximate % of shareholding
Hu Jin Xiong ("Mr. Hu")	The Company	Interest in controlled corporation	108,240,000 (Note)	–	30.75

Note:

These Shares are registered in the name of Easy Flourish Limited, the issued share capital of which is owned as to 80% by 廣州藝成投資有限公司 (Guangzhou Yicheng Investment Limited*) ("Guangzhou Yicheng") and 20% by Ms. Jiang Miner. The equity interest of Guangzhou Yicheng Investment Limited is owned as to 62.5% by Mr. Hu, 25% by Ms. Xu Hong and 12.5% by Mr. Chen Wei Ming. Under the SFO, Mr. Hu is deemed to be interested in all the Shares registered in the name of Easy Flourish Limited.

Save as disclosed above, as at 31 December 2015 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 were taken or deemed to have under such provisions of the SFO), or as were recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

So far as the Directors are aware, as at 31 December 2015, the following persons or corporations, other than the Directors or chief executive of the Company, had or were deemed or taken to have interests or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity and nature of interest	Number of Shares	Approximate % of shareholding
Easy Flourish Limited ("Easy Flourish")	Beneficial owner	108,240,000 (Note 1)	30.75
Guangzhou Yicheng	Interest in controlled corporation	108,240,000 (Note 1)	30.75
Future Bright International Limited ("Future Bright International")	Beneficial owner	106,480,000 (Note 2)	30.25
Guo Xiao Ping ("Mr. Guo")	Interest in controlled corporation	106,480,000 (Note 2)	30.25

* *for identification purpose only*

Notes:

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

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

All the interests stated above represent long positions. As at 31 December 2015, no short position were recorded in the register kept by the Company under Section 336 of the SFO.

Save as disclosed above, the Company has not been notified by any persons or corporations, other than the Directors or chief executive of the Company, who had or were deemed or taken to have any interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO as at 31 December 2015.

The Company has been notified by Easy Flourish and Future Bright International, the controlling shareholders of the Company, that Easy Flourish has executed a share charge over 108,240,000 Shares held by it in favor of Kingston Finance Limited, a licensed money lender in Hong Kong, as security for a term loan facility granted to Easy Flourish (the "Loan Facility"); and Future Bright International has executed a share charge over 106,480,000 Shares held by it as security for the Loan Facility. Details of this event was set out in the announcement of the Company dated 12 April 2016. As a result of the said charges (the "Share Charges"), the following parties had or were deemed or taken to have interests in the 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 name of interest**	**Number of Shares**	**Approximate % shareholding**
Chu Yuet Wah ("Ms. Chu") (Note)	Interest in controlled corporation	214,720,000	61.00
Best Forth Limited ("Best Forth") (Note)	Interest in controlled corporation	214,720,000	61.00
Ample Cheer Limited ("Ample Cheer") (Note)	Interest in controlled corporation	214,720,000	61.00
Kingston Finance Limited ("Kingston") (Note)	Security interest	214,720,000	61.00

Note: Kingston is interested in 214,720,000 Shares by way of security interest over such Shares. Kingston is wholly-owned by Ample Cheer, which is in turn owned by Best Forth as to 80%. Best Forth is wholly owned by Ms. Chu. Under the SFO, Ample Cheer, Best Forth and Ms. Chu are deemed to be interested in all the Shares in which Kingston is interested. All the interests stated above represent long positions.

REPORT OF THE DIRECTORS

MANAGEMENT CONTRACTS

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

EMOLUMENT POLICY AND REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

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

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

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

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

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied since the Listing Date to 31 December 2015 with the Corporate Governance Code in Appendix 14 to the Listing Rules, except for code provisions A.2.1 and A.4.1 as set out therein. Details of the corporate governance of the Company are set out in the Corporate Governance Report on pages 14 to 22.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed minimum public float under the Listing Rules since the Listing Date to 31 December 2015 and at any time up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities since the Listing Date to 31 December 2015.

RELIEF OF TAXATION

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

BUSINESS REVIEW

The business review of the Group for the Year is included in the "Management Discussion and Analysis" in this report on pages 5 to 13. This business review forms part of this Report of the Directors.

EVENTS AFTER REPORT PERIOD

The Company has been notified by Easy Flourish and Future Bright International, the controlling shareholders of the Company, that Easy Flourish has executed a share charge over 108,240,000 Shares held by it in favor of Kingston, a licensed money lender in Hong Kong, as security for the Loan Facility; and Future Bright International has executed a share charge over 106,480,000 Shares held by it as security for the Loan Facility. Details of this event was set out in the announcement of the Company dated 12 April 2016.

Two additional executive Directors, namely Ms. Lee Suk Fong and Mr. Wan Tat Wai David, were appointed on 12 April 2016.

Except as disclosed in this report, since 31 December 2015 and up to the date hereof, no important events has occurred affecting the Group.

AUDITOR

The consolidated financial statements of the Group for the Year have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for reappointment at the 2016 AGM. A resolution will be submitted to the 2016 AGM to re-appoint Messrs. Ernst & Young as the auditors of the Company.

On behalf of the Board

Zhou Tai Ping
Executive Director, Chairman and Chief Executive Officer
Hong Kong, 23 March 2016

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zhou Tai Ping, aged 61, was appointed as the chairman, executive Director and chief executive officer of the Company on 19 October 2015. He is experienced in trading management. He graduated from Chongqing University with a degree in Power Machinery and Engineering in 1977. Mr. Zhou established Chongqing Te Bo Electronic Company Limited in 1998 and was its director since then. Mr. Zhou became the director of Chongqing Jiao Jian Technology Development Company Limited in 2010.

Mr. Zhou joined Yu Du Dong Nan Chamber of Commerce (渝都潼南商會) and he was elected to be its director by other members in September 2009. In May 2011, branches of Yu Du Dong Nan Chamber of Commerce in Chongqing, Sichuan and Kunming decided to merge the group together and formed a company with the name "Yu Chuan Kun Investment Group" (渝川昆投資集團), and Mr. Zhou was appointed to be its director. In September 2012, Mr. Zhou was re-appointed to be the director of Yu Du Dong Nan Chamber of Commerce. In September 2015, Chongqing Small And Medium Enterprise Bureau (重慶市中小企業創業協會) assigned Mr. Zhou to be director of Chongqing Small and Medium Size Enterprise Association.

Mr. Zhang Decong, aged 75, joined the Group in September 2013 as an executive Director, chief engineer and head of the technology and production department of the Group. He is mainly responsible for mining and production, evaluating mining policies, managing mine resources exploration and extraction activities, providing technical guidance on production and overseeing production safety at the Yiduoyan Project on a full-time basis. After graduation from the Beijing Architecture and Construction Industry College in the PRC majoring in mining, Mr. Zhang has approximately 30 years of experience in the mining industry, in particular, production, mining technology and mine site management of various dimension stone projects in the PRC with mining process similar to the Yiduoyan Project. Details of Mr. Zhang's experience in the mining industry and his academic qualification and other achievement are set out in the circular for the 2016 AGM dated 26 April 2016.

Ms. Lee Suk Fong, aged 32, was appointed as the executive Director on 12 April 2016. Ms. Lee joined the Group and was appointed as an assistant to the Directors on 29 October 2015. Ms. Lee obtained a Bachelor of Science degree in economics and finance from The Hong Kong University of Science and Technology in 2005. She is experienced in sales and management. Ms. Lee is the founder of Liberal Arts Culture Limited, a company incorporated in Hong Kong in 2009 and is principally engaged in the provision of education services, and has been its director since its establishment. Ms. Lee is currently an independent non-executive director of Glory Flame Holdings Limited (stock code: 8059), the shares of which are listed on the Growth Enterprise Market of the Stock Exchange.

Mr. Wan Tat Wai David, aged 56, was appointed as the executive Director on 12 April 2016. Mr. Wan holds a bachelor's degree in chemistry and a master degree in business administration from The University of Hong Kong. Mr. Wan started off his career in the marketing field in 1983 specializing in sales and marketing of personal computers. He joined the Hong Kong Police Force in 1986 in the rank of police inspector and was promoted to the rank of chief inspector in 1996. He has over 28 years of experience in internal supervision and management in various police departments. He also holds an executive diploma in legal risk for enterprise risk management from the School of Professional and Continuing Education of The University of Hong Kong. Since July 2015, Mr. Wan has been the chief operation officer of REX Global Entertainment Holdings Limited (stock code: 164), the shares of which are listed on the Main Board of the Stock Exchange.

NON-EXECUTIVE DIRECTORS

Mr. Hu Jin Xiong, aged 54, was appointed as the Director on 28 April 2014 and was designated as a non-executive Director on 26 September 2014. Mr. Hu is primarily responsible for advising on sales and marketing activities and expansion of client network. He has over 7 years of experience in the field of property development. Mr. Hu has founded 3 property development companies in the PRC in 2007, 2010 and 2012, respectively, and served as directors of these companies. He completed his secondary education at Guangzhou Province Panyu District Shiqi Middle School in the PRC in 1979. Mr. Hu is our controlling shareholder. He owns 62.5% of the equity interest of and controls Guangzhou Yicheng which in turn owns 80% of Easy Flourish.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Li Ethan Jing, aged 35, was appointed as the non-executive Director on 26 September 2014. Mr. Li is primarily responsible for human resources allocation and office administration. Mr. Li obtained a bachelor degree in technology majoring in information and communication systems in April 2005 and a bachelor degree in applied finance in September 2009 both from Macquarie University in Australia. Mr. Li was admitted as a fellow of the Corporate Director's Association of Australia Limited in August 2006, and obtained a corporate director diploma in November 2007 and a master degree of business administration in September 2012 from the University of New England. Mr. Li also obtained the title of Alcatel-Lucent Certified Field Expert issued by the Alcatel-Lucent Enterprise in November 2008, the certificate of Information Technology Service Management issued by ITIL in February 2010 and the certificate of Cisco Certified Entry Networking Technician issued by Cisco Systems, Inc. in November 2012. Mr. Li was also appointed as a Justice of the Peace in New South Wales, Australia, for the period from July 2008 to July 2018. Mr. Li is the nephew of Mr. Guo Xiao Ping, a former Director and a controlling shareholder of the Company.

Mr. Leung Kar Fai, aged 37, has been appointed as the technical adviser of the Yiduoyan Project on a part-time basis since August 2013. Mr. Leung was appointed as the non-executive Director on 26 September 2014. He is primarily responsible for advising on geological matters and mine design. Mr. Leung has approximately 10 years of experience in the mining industry, especially in the area of technical due diligence of mineral deposits and project evaluation. Mr. Leung obtained a bachelor degree in science, majoring in earth science in 2001 and a master degree of philosophy in Earth Science in 2003, both from the University of Hong Kong. Currently, Mr. Leung is an independent non-executive director of North Mining Shares Company Limited (Stock code: 433) and the chairman of the Geological Society of Hong Kong and a director of Dragon Global Group, a company engaging in mining technical services.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lau Tai Chim, aged 64, was appointed as an independent non-executive Director on 8 December 2014. Mr. Lau was admitted as a solicitor in Hong Kong in March 1984 and has been a solicitor practising law since May 1986. He is the founder and managing partner of T.C. Lau & Co. From March 2001 to September 2004, Mr. Lau was appointed as independent non-executive director of Kingboard Chemical Holdings Limited (建滔化工集團), a company mainly engaged in the manufacturing and sale of, among other things, printed circuit boards, chemicals, liquid crystal displays and magnetic products and listed on the Main Board of the Stock Exchange (stock code: 148). From April 2002 to September 2010, Mr. Lau was appointed as an independent non-executive director of Warderly International Holdings Limited (匯多利國際控股有限公司), a company incorporated in the Cayman Islands and mainly engaged in property development and listed on the Main Board of the Stock Exchange (stock code: 607).

Mr. SIN Ka King, aged 32, was appointed as an independent non-executive Director on 8 December 2014. From July 2010 to October 2011, Mr. Sin was the investor relations executive mainly responsible for managing the relationship with the company's investors at Kingboard Chemical Holdings Limited (建滔化工集團), a company mainly engaged in the manufacturing and sale of, among other things, printed circuit boards, chemicals, liquid crystal displays and magnetic products and listed on the Main Board of the Stock Exchange (stock code: 148). From October 2011 to March 2012, Mr. Sin was the investor relations officer mainly responsible for managing investors relations at Hopewell Holdings Limited (合和實業有限公司), a company mainly engaged in infrastructure construction and listed on the Main Board of the Stock Exchange (stock code: 54). From May 2012 to August 2014, Mr. Sin worked as an officer of the energy team of NWS Infrastructure Management (HK) Limited, a company engaging in the field of infrastructure construction and facilities management where he was mainly responsible for handling financial analysis of energy projects in the PRC. Currently, Mr. Sin is a financial analyst responsible for financial analysis at HKT Service Limited, a company engaging in the provision of telecommunication services and listed on the Main Board of the Stock Exchange (stock code: 6823).

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Sin graduated from the Hong Kong University of Science and Technology with a bachelor of engineering in mechanical engineering in November 2007 and obtained a master degree of science in mathematics for finance and actuarial science in July 2009 as awarded jointly by the City University of Hong Kong and Paris Dauphine University.

Mr. Sin was admitted as a Certified Financial Risk Manager by the Global Association of Risk Professional in December 2012 and he was also admitted as a Chartered Financial Analyst by the CFA Institute in April 2014.

Mr. CHOW Hiu Tung, aged 44, was appointed as an independent non-executive Director on 8 December 2014. Mr. Chow has approximately 20 years of experience in accounting and internal control. Prior to joining the Group, Mr. Chow worked at KPMG from August 1995 to January 2000 as an assistant audit manager participating in the execution of audit plans. From October 2004 to June 2011, Mr. Chow worked at Best Power Holdings (HK) Limited (佳力控股(香港)有限公司), a company mainly engaged in logistic activities where his last position was the chief financial officer responsible for managing the financial affairs of the company. Mr. Chow was the chief financial officer from August 2011 to December 2013 and was the company secretary from August 2011 to May 2013 of Flying Financial Service Holdings Limited (匯聯金融服務控股有限公司), a company mainly engaged in the provision of financial services and listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8030). From October 2013 to March 2015, Mr. Chow has been appointed as an independent non-executive director of National United Resources Holdings Limited (國家聯合資源控股有限公司), a company mainly engaged in the business of media and advertising and listed on the Main Board Stock Exchange (stock code: 254).

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

Mr. Tsang Hing Hung, aged 47, was appointed as an independent non-executive Director on 10 December 2015. Mr. Tsang has over 20 years of experience in strategic management, corporate finance, investor relations, accounting and finance. He holds master's degrees with distinction in surveying and strategic focus awarded by the University of Reading and Heriot-Watt University respectively. He also holds bachelor's degrees with honours in laws and social sciences awarded by the University of London and the University of Hong Kong respectively. Mr. Tsang is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Association of Corporate Treasurers; and a member of the Institute of Chartered Accountants in England and Wales, and the American Institute of Certified Public Accountants. He is also a chartered financial analyst of the CFA Institute, a certified financial risk manager of the Global Association Risk Professionals, a project management professional of the Project Management Institute, and a certified tax adviser of the Taxation Institute of Hong Kong. Mr. Tsang was the Chief Financial Officer of I.T Limited (stock code: 999), and the Corporate Finance Director of K. Wah International Holdings Limited (stock code: 173). He also joined The Hongkong and Shanghai Hotels, Limited (stock code: 45), with the last position as General Manager, Corporate Finance and Treasurer, for more than 13 years. Mr. Tsang was the Chairman of International Group of Treasury Associations in 2012; and has been a member of Corporate Finance Committee of the Hong Kong Institute of Certified Public Accountants since 2012.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Yuan Shan, aged 60, is the deputy chief engineer and the safety manager of the Group. Mr. Yuan was also appointed as the alternate Director to Mr. Zhang Decong, our executive Director, on 8 December 2014. He joined the Group in March 2014, primarily responsible for devising workflow of the overall mining process, providing technical support on mine construction, overseeing production safety and the environmental protection aspects of the mining process, providing technical support during mine construction and providing training to miners at the Yiduoyan Project. Mr. Yuan graduated from Hubei Architecture Institute (currently known as Wuhan University of Technology) specialising in mining at its non-metallic mine department in October 1976. Mr. Yuan has approximately 30 years of experience in the mining industry, in particular, mine design and production process management of various dimension stone mining projects with similar open-pit mining process as the Yiduoyan Project.

Mr. Liu Zhanghui, aged 38, is currently the mine head of the Yiduoyan Project. He has approximately nine years of experience in extraction activities and production safety. Mr. Liu joined the Group in February 2012 and was appointed as the mine head of the Yiduoyan Project in June 2012. He is the key on-site person-in-charge of the daily operation of the Yiduoyan Project. Mr. Liu is primarily responsible for the setting up and management of mining production team, execution of mining plans, supervision and management of production activities, providing technical support and training to technical personnel for extraction activities, as well as overseeing production safety. Mr. Liu graduated from China Three Gorges University in July 2005.

Mr. Ho Yuk Ming, Hugo, aged 44, was appointed as the chief financial officer of the Group on 11 April 2014 and as the company secretary of our Company on 26 September 2014. Mr. Ho is responsible for accounting, financial reporting and internal control procedures of the Group. He has over 16 years of experience in auditing, accounting and financial management and has been a certified public accountant in Hong Kong for over 13 years. Mr. Ho held senior positions in a number of listed companies in Hong Kong prior to joining the Group. Mr. Ho is an associate member of the Hong Kong Institute of Certified Public Accountants. He graduated from the Hong Kong Shue Yan College (currently known as Hong Kong Shue Yan University) with a honours diploma in accounting in July 1996. Currently, Mr. Ho is an independent non-executive director of Wuxi Sunlit Science and Technology Company Limited (Stock code: 1289) and Zuoli Kechuang Micro-finance Company Limited (Stock code: 6866) respectively.

Mr. Fung Nam Shan, aged 38, was appointed as joint company secretary of the Company on 4 November 2015. Mr. Fung holds a bachelor's degree in accounting awarded by the University of Newcastle, Australia. He is a member of the Hong Kong Institute of Certified Public Accountants and a CPA member of the Australian Institute of Certified Public Accountants. Mr. Fung is currently an independent non-executive director of Energy International Investments Holdings Limited (stock code: 0353), the company secretary and authorized representative of Seamless Green China (Holdings) Limited (stock code: 8150), the company secretary and authorized representative of Sky Forever Supply Chain Management Group Limited (stock code: 8047) and the company secretary of Fittec International Group Limited (stock code: 2662). Mr. Fung served Zhejiang Chang'an Renheng Technology Co., Ltd. (stock code:8139) as financial controller and secretary from April 2013 to March 2014. Mr. Fung was employed as financial controller and company secretary of South China Land Limited (stock code: 8155) from February 2010 to April 2013. Mr. Fung served for a reputable property development group as financial controller from 2009 to 2010. He has worked for PricewaterhouseCoopers as an audit manager for several years which brought him extensive experience in auditing, accounting and taxation in Hong Kong and the PRC. He has been one of the marketing committee members of The Hong Kong Youth Hostels and also a member of its charity walk organising committee since 2012.

INDEPENDENT AUDITORS' REPORT

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

We have audited the consolidated financial statements of Future Bright Mining Holdings Limited (the "Company") and its subsidiaries set out on pages 38 to 89, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong

23 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
REVENUE	5	**11,271**	2,858
Cost of sales		**(3,382)**	(1,276)
Gross profit		**7,889**	1,582
Other income and gains	5	**2,553**	7,629
Selling and distribution expenses		**(756)**	(880)
Administrative expenses		**(10,378)**	(20,588)
Other expenses		**(672)**	(24)
Finance costs	7	**(99)**	(178)
LOSS BEFORE TAX	6	**(1,463)**	(12,459)
Income tax (expense)/credit	10	**(1,301)**	225
LOSS FOR THE YEAR		**(2,764)**	(12,234)
Attributable to:			
Owners of the parent		**(2,764)**	(12,234)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted			
– For loss for the year		**RMB0.8 cents**	RMB5.6 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
LOSS FOR THE YEAR	**(2,764)**	(12,234)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**2,855**	(70)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**2,855**	(70)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**91**	(12,304)
Attributable to:		
Owners of the parent	**91**	(12,304)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	31 December 2015 RMB'000	31 December 2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**20,354**	14,638
Long-term prepayment	14	**598**	429
Intangible assets	15	**39,641**	42,233
Total non-current assets		**60,593**	57,300
CURRENT ASSETS			
Inventories	17	**4,449**	657
Trade receivables	18	**5,998**	–
Prepayments, deposits and other receivables	19	**1,004**	6,197
Cash and cash equivalents	20	**35,871**	2,593
Total current assets		**47,322**	9,447
CURRENT LIABILITIES			
Other payables and accruals	21	**2,287**	14,389
Interest-bearing bank borrowing	22	**–**	525
Total current liabilities		**2,287**	14,914
NET CURRENT ASSETS/(LIABILITIES)		**45,035**	(5,467)
TOTAL ASSETS LESS CURRENT LIABILITIES		**105,628**	51,833
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowing	22	**–**	670
Deferred tax liabilities	16	**9,552**	8,251
Provision for rehabilitation	23	**972**	910
Total non-current liabilities		**10,524**	9,831
Net assets		**95,104**	42,002
EQUITY			
Equity attributable to owners of the parent			
Share capital	24	**2,782**	–
Reserves	25	**92,322**	42,002
Total equity		**95,104**	42,002

Mr. Zhou Tai Ping
Director

Mr. Hu Jin Xiong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Notes	Share capital RMB'000 (Note 24)	Share premium* RMB'000 (Note 24)	Capital reserve* RMB'000 (Note 25)	Contributed reserve* RMB'000 (Note 25)	Safety fund surplus reserve* RMB'000 (Note 25)	Foreign currency translation reserve* RMB'000	Accumulated losses* RMB'000	Total equity RMB'000
At 1 January 2014		–	–	24,216	34,152	–	(184)	(11,819)	46,365
Loss for the year		–	–	–	–	–	–	(12,234)	(12,234)
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations		–	–	–	–	–	(70)	–	(70)
Total comprehensive loss for the year		–	–	–	–	–	(70)	(12,234)	(12,304)
Establishment for safety fund surplus reserve		–	–	–	–	9	–	(9)	–
Issue of ordinary shares		–	7,941	–	–	–	–	–	7,941
At 31 December 2014		–	7,941	24,216	34,152	9	(254)	(24,062)	42,002
At 1 January 2015		–	7,941	24,216	34,152	9	(254)	(24,062)	42,002
Loss for the year		–	–	–	–	–	–	(2,764)	(2,764)
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations		–	–	–	–	–	2,855	–	2,855
Total comprehensive income/(loss) for the year		–	–	–	–	–	2,855	(2,764)	91
Establishment for safety fund surplus reserve		–	–	–	–	58	–	(62)	(4)
Issue of ordinary shares	24	2,782	58,527	–	–	–	–	–	61,309
Share issue expenses	24	–	(8,294)	–	–	–	–	–	(8,294)
At 31 December 2015		2,782	58,174	24,216	34,152	67	2,601	(26,888)	95,104

* These reserve accounts comprise the consolidated reserves of RMB92,322,000 as at 31 December 2015 (31 December 2014: RMB42,002,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax	6	**(1,463)**	(12,459)
Adjustments for:			
Finance costs	7	**99**	178
Interest income	5	**(45)**	(8)
Loss on disposal of items of property, plant and equipment	6	**2**	4
Use of safety fund surplus reserve		**(4)**	–
Depreciation	6,13	**1,527**	771
Less: Depreciation capitalised	6	**–**	(632)
		1,527	139
Amortisation of a long-term prepayment	6,14	**33**	24
Amortisation of intangible assets	6,15	**2,592**	367
		2,741	(11,755)
Increase in inventories		**(3,792)**	(657)
Increase in trade receivables		**(5,998)**	–
Decrease/(increase) in prepayments, deposits and other receivables		**5,193**	(4,232)
Decrease in amounts due from related parties		**–**	1,659
(Decrease)/increase in other payables and accruals		**(12,099)**	11,197
Decrease in amounts due to related parties		**–**	(424)
Cash used in operations		**(13,955)**	(4,212)
Interest received	6	**45**	8
Net cash flows used in operating activities		**(13,910)**	(4,204)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment and other long-term assets		**(7,447)**	(3,428)
Net cash flows used in investing activities		**(7,447)**	(3,428)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	24,25	**61,309**	7,941
Share issue expenses	24	**(8,294)**	–
Repayment of a bank loan		**(1,195)**	(483)
Interest paid	7	**(40)**	(122)
Net cash flows from financing activities		**51,780**	7,336
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**30,423**	(296)
Cash and cash equivalents at beginning of year		**2,593**	2,959
Effect of foreign exchange rate changes, net		**2,855**	(70)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**35,871**	2,593
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	**35,871**	2,593

1. CORPORATE AND GROUP 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 year, the Group was principally engaged in the production and sale of marble and marble related products.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Guangzhou Yicheng Investment Limited, which is incorporated in the People's Republic of China ("PRC/ Mainland China").

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	Percentage of equity attributable to the Company Indirect	Principal activities
Gold Title Investments Limited	British Virgin Islands	US$50,000	100	–	Investment holding
Future Bright (H.K.) Investments Limited	Hong Kong	HK$10,000	–	100	Investment holding
Xiangyang Future Bright Mining Limited*	PRC/ Mainland China	RMB20,000,000	–	100	Mining, ore processing and sale of marble products
Guangdong Future Bright Building Materials Limited	PRC/ Mainland China	RMB4,000,000	–	100	Wholesaling construction and sale of decoration material
Sun Vast Invest Development Limited	British Virgin Islands	US$50,000	100	–	Investment holding
Speedy Rise Group Limited	Hong Kong	HK$1	–	100	Investment holding

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Smart Triumph Group Holdings Limited	British Virgin Islands	US$50,000	100	–	Investment holding
Powerful Rich Industrial Limited	Hong Kong	HK$1	–	100	Investment holding
Perfect Speed Ventures Limited	British Virgin Islands	US$50,000	100	–	Investment holding
Express Sources Holdings Limited	Hong Kong	HK$1	–	100	Investment holding

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

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB") and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to IFRSs 2010-2012 Cycle
Annual Improvements to IFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to IAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The *Annual Improvements to IFRSs 2010-2012 Cycle*: With the exception of the amendment relating to IFRS 2 Share-based Payment and IFRS 3 *Business Combinations* applied to share-based payment transactions with a grant date on or after 1 July 2014, all other amendments are effective for accounting periods beginning on or after 1 July 2014. The Group has applied these amendments for the first time in these consolidated financial statements. They include:

- IFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- IAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) The *Annual Improvements to IFRSs 2011-2013 Cycle*: These amendments are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. They include:

- IFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of IFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- IFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 or IAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which IFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in IFRS 13.

- IAS 40 *Investment Property*: Clarifies that IFRS 3, instead of the description of ancillary services in IAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the acquisition of investment properties during the year was not a business combination and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

IFRS 9	*Financial Instruments* [3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [6]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception* [1]
Amendments to IAS 7	*Disclosure initiative* [2]
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses* [2]
IFRS 16	*Leases* [4]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations* [1]
IFRS 14	*Regulatory Deferral Accounts* [5]
IFRS 15	*Revenue from Contracts with Customers* [3]
Amendments to IAS 1	*Disclosure Initiative* [1]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation* [1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants* [1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements* [1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs [1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for annual periods beginning on or after 1 January 2019
5 Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
6 No mandatory effective date yet determined but is available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard.

The amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively.

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

The amendments to IFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in IFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In September 2015, the HKICPA issued an amendment to IFRS 15 regarding a one-year deferral of the mandatory effective date of IFRS 15 to 1 January 2018. The Group expects to adopt IFRS 15 on 1 January 2018 and is currently assessing the impact of IFRS 15 upon adoption.

Amendments to IAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in IAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

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

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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

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

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

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

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

Impairment of non-financial assets

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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

	Residual value	Useful lives
Buildings	3%	5 – 10 years
Plant and machinery	3%	5 – 10 years
Motor vehicles	3%	4 years
Office equipment	3%	3 – 5 years

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

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

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

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

Stripping costs

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

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

Mining rights

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

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

Operating leases

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of loans and receivables is as follows:

Loans and receivables

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

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

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include other payables, amounts due to related parties and interest-bearing bank loan.

Subsequent measurement

The subsequent measurement of loans and borrowings is as follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Loan and borrowings

After initial recognition, interest-bearing bank loans are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

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

Cash and cash equivalents

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

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

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

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

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

Income tax

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

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

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

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

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

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

Employee benefits

Pension scheme

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

Housing fund

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES

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

Estimation uncertainty

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

(a) Useful lives of property, plant and equipment

The Group estimates useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and actions of its competitors. Management will increase the depreciation charge where useful lives are less than previously estimated, or it will record an impairment provision for technically obsolete assets that have been abandoned. The carrying amount of property, plant and equipment as at 31 December 2015 was RMB20,354,000 (2014: RMB14,638,000).

(b) Impairment of non-financial assets (other than goodwill)

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

3. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Estimation uncertainty (continued)

(c) *Mine reserves*

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

(d) *Provision for rehabilitation*

Provision for rehabilitation is based on estimates of future expenditures incurred by management to undertake rehabilitation and restoration work which are discounted at a rate reflecting the term and nature of the obligation to their present value. Significant estimates and assumptions are made in determining the provision for rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rate. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the end of the reporting period represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the consolidated statement of financial position by adjusting the rehabilitation asset and liability. The carrying amount of provision for rehabilitation as at 31 December 2015 was RMB972,000 (2014: RMB910,000).

(e) *Deferred tax assets*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2015 was RMB560,000 (2014: RMB2,303,000).

(f) *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. Management reassesses these estimates at the end of each reporting period. The carrying amount of inventories as at 31 December 2015 was RMB4,449,000 (2014: RMB657,000).

4. OPERATING SEGMENT INFORMATION

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

Geographical information

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

Information about major customers

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

	2015	2014
	RMB'000	RMB'000
Customer A	**6,281**	N/A*
Customer B	**2,885**	N/A*
Customer C	**1,203**	917
Customer D	**N/A***	1,277
Customer E	**N/A***	438

* Less than 10% of the Group's total revenue.

5. REVENUE, OTHER INCOME AND GAINS

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

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

	2015	2014
	RMB'000	RMB'000
Revenue		
Sale of goods	**11,271**	2,858
Other income		
Sale of by-products	**–**	7,618
Bank interest income	**45**	8
Rendering of services	**503**	–
Government grants (note (a))	**2,000**	–
Others	**5**	3
	2,553	7,629

Note (a): The amount represents grants received from local PRC government authorities by Xiangyang Future Bright Mining Limited in connection with certain financial rewards to local business enterprises for successful listing. There are no unfulfilled conditions and other contingencies relating to these grants.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

6. LOSS BEFORE TAX

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

	2015 RMB'000	2014 RMB'000
Cost of inventories sold	**3,382**	1,276
Staff costs (including directors' remuneration (Note 8)):		
Wages and salaries	**3,757**	3,837
Pension scheme contributions	**463**	92
	4,220	3,929
Less: Staff costs capitalised	**–**	(1,061)
	4,220	2,868
Auditors' remuneration	**1,055**	800
Amortisation of intangible assets	**2,592**	367
Amortisation of a long-term prepayment (Note 14)	**33**	24
Depreciation of items of property, plant and equipment (Note 13)	**1,527**	771
Less: Depreciation capitalised	**–**	(632)
	1,527	139
Foreign exchange differences, net	**637**	–
Minimum lease payments under operating leases – office	**1,016**	336
Loss on disposal of items of property, plant and equipment	**2**	4

7. FINANCE COSTS

	2015 RMB'000	2014 RMB'000
Interest on bank borrowings	**37**	121
Interest on discounted provision for rehabilitation	**62**	57
	99	178

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2015 RMB'000	2014 RMB'000
Fees	**695**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**1,731**	891
Pension scheme contributions	**–**	40
	2,426	931

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2015 RMB'000	2014 RMB'000
Chow Hiu Tung	**143**	–
Lau Tai Chim	**120**	–
Sin Ka King	**120**	–
Tsang Hing Hung	**–**	–
	383	–

Chow Hiu Tung, Lau Tai Chim and Sin Ka King were appointed as independent non-executive directors on 8 December 2014. Tsang Hing Hung was appointed as independent non-executive director on 10 December 2015.There were no emoluments payable to the independent non-executive directors during the year (2014: Nil).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

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

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

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2015				
Executive directors:				
Mr. Yuan Shan***	–	117	–	117
Mr. Guo Xiao Ping*	–	540	–	540
Mr. Zhou Tai Ping**	–	95	–	95
Mr. Zhang De Cong	–	147	–	147
	–	899	–	899
Non-executive directors:				
Mr. Li Ethan Jing	–	442	–	442
Mr. Hu Jin Xiong	–	390	–	390
Mr. Leung Kar Fai	312	–	–	312
	312	832	–	1,144

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

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

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2014				
Executive directors:				
Mr. Guo Xiao Ping	–	456	22	478
Mr. Zhang De Cong	–	148	–	148
	–	604	22	626
Non-executive directors:				
Mr. Li Ethan Jing	–	287	18	305
Mr. Hu Jin Xiong	–	–	–	–
Mr. Leung Kar Fai	–	–	–	–
	–	287	18	305

* Mr. Guo Xiao Ping resigned as executive director and chief executive officer on 19 October 2015.

** Mr. Zhou Tai Ping was appointed as executive director and chief executive officer on 19 October 2015.

*** Mr. Yuan Shan was appointed as the alternate director to Mr. Zhang De Cong on 8 December 2014.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 31 December 2015.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three director (2014: one director and the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2014: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2015	2014
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**972**	883
Pension scheme contributions	**35**	85
	1,007	968

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

	Number of employees	
	2015	2014
Nil to HK$1,000,000	**2**	3

During the year ended 31 December 2015, no emoluments were paid by the Group to any of the persons who are directors of the Company, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

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

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year ended 31 December 2015.

Provision for the PRC corporate income tax ("CIT") is based on the CIT rate applicable to the subsidiaries located in Mainland China as determined in accordance with the relevant income tax rules and regulations of the PRC for the year ended 31 December 2015. The Group's subsidiaries located in Mainland China are subject to the PRC CIT rate of 25% during the year ended 31 December 2015.

The major components of income tax expense/(credit) for the year ended 31 December 2015 are as follows:

	2015	2014
	RMB'000	RMB'000
Current – Mainland China		
Charge for the year	**–**	–
Deferred (Note 16)	**1,301**	(225)
Total tax charge/(credit) for the year	**1,301**	(225)

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

	2015	2014
	RMB'000	RMB'000
Loss before tax	**(1,463)**	(12,459)
Tax at the applicable tax rate of companies within the Group	**(366)**	(3,115)
Expenses not deductible for tax	**1,667**	2,890
Income tax charge/(credit) at the Group's effective rate	**1,301**	(225)

11. DIVIDENDS

The Board does not recommend the payment of dividends to the ordinary equity holders of the Company for the year ended 31 December 2015 (2014: Nil).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 352,000,000 (2014: 220,000,000) in issue during the year, as adjusted to reflect the rights issue during the year.

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

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2015 and 2014 in respect of a dilution as the impact of the warrants and convertible bonds outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

	2015	2014
	RMB'000	RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent	**(2,764)**	(12,234)

	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**352,000,000**	220,000,000

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Mine infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2015							
Cost:							
At 1 January 2015	550	3,213	57	1,231	10,197	704	15,952
Additions	–	4	1809	–	–	5,432	7,245
Disposals	–	–	(5)	–	–	–	(5)
Transferred	–	–	–	–	5,042	(5,042)	–
At 31 December 2015	550	3,217	1,861	1,231	15,239	1,094	23,192
Accumulated depreciation:							
At 1 January 2015	220	608	27	387	72	–	1,314
Provided for the year	85	401	136	286	619	–	1,527
Disposals	–	–	(3)	–	–	–	(3)
At 31 December 2015	305	1,009	160	673	691	–	2,838
Net carrying amount:							
At 1 January 2015	330	2,605	30	844	10,125	704	14,638
At 31 December 2015	245	2,208	1,701	558	14,548	1,094	20,354
31 December 2014							
Cost:							
At 1 January 2014	550	2,945	59	561	–	7,511	11,626
Additions	–	268	3	670	–	3,390	4,331
Disposals	–	–	(5)	–	–	–	(5)
Transferred	–	–	–	–	10,197	(10,197)	–
At 31 December 2014	550	3,213	57	1,231	10,197	704	15,952
Accumulated depreciation:							
At 1 January 2014	134	225	16	170	–	–	545
Provided for the year	86	383	13	217	72	–	771
Disposals	–	–	(2)	–	–	–	(2)
At 31 December 2014	220	608	27	387	72	–	1,314
Net carrying amount:							
At 1 January 2014	416	2,720	43	391	–	7,511	11,081
At 31 December 2014	330	2,605	30	844	10,125	704	14,638

As at 31 December 2015, no property, plant and equipment (31 December 2014: RMB1,991,000) were pledged to a bank that provided a mortgage loan for the Group's equipment purchase.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

14. LONG-TERM PREPAYMENT

	Forest rental costs RMB'000	Farmland occupation tax RMB'000	Total RMB'000
31 December 2015			
Cost at 1 January 2015, net of accumulated amortisation	429	–	429
Additions	–	202	202
Amortisation provided during the year	(25)	(8)	(33)
At 31 December 2015	404	194	598
At 31 December 2015:			
Cost	499	202	701
Accumulated amortisation	(95)	(8)	(103)
Net carrying amount	404	194	598
31 December 2014			
Cost at 1 January 2014, net of accumulated amortisation	453	–	453
Additions	–	–	–
Amortisation provided during the year	(24)	–	(24)
At 31 December 2014	429	–	429
At 31 December 2014:			
Cost	499	–	499
Accumulated amortisation	(70)	–	(70)
Net carrying amount	429	–	429

Forest rental costs represent the prepayment made to villagers for the use of parcels of forest land for mining activities at the Yiduoyan marble mine. Based on agreements entered into between Xiangyang Future Bright Mining Limited and the relevant villagers, Xiangyang Future Bright Mining Limited prepaid RMB499,000 to the relevant villagers till 31 December 2015 for a right to use the said forest land for a period of 20 years since October 2011.

15. INTANGIBLE ASSETS

	Mining rights RMB'000
31 December 2015	
Cost at 1 January 2015, net of accumulated amortisation	42,233
Additions	–
Amortisation provided during the year	(2,592)
At 31 December 2015	39,641
At 31 December 2015:	
Cost	42,600
Accumulated amortisation	(2,959)
Net carrying amount	39,641
31 December 2014	
Cost at 1 January 2014, net of accumulated amortisation	42,600
Additions	–
Amortisation provided during the year	(367)
At 31 December 2014	42,233
At 31 December 2014:	
Cost	42,600
Accumulated amortisation	(367)
Net carrying amount	42,233

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

16. DEFERRED TAX

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

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000
At 1 January 2014	2,101
Deferred tax credited to the statement of profit or loss during the year (Note 10)	202
At 31 December 2014 and 1 January 2015	2,303
Deferred tax charged to the statement of profit or loss during the year (Note 10)	(1,743)
At 31 December 2015	560

Deferred tax liabilities

	Depreciation difference of plant and machinery between IFRSs and PRC tax regulations RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Total RMB'000
At 1 January 2014	–	10,577	10,577
Deferred tax charged/(credited) to the statement of profit or loss during the year (Note 10)	69	(92)	(23)
At 31 December 2014 and 1 January 2015	69	10,485	10,554
Deferred tax charged/(credited) to the statement of profit or loss during the year (Note 10)	196	(638)	(442)
At 31 December 2015	265	9,847	10,112

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

16. DEFERRED TAX (continued)

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

	2015 RMB'000	2014 RMB'000
Deferred tax assets recognised in the consolidated statement of financial position	**560**	2,303
Deferred tax liabilities recognised in the consolidated statement of financial position	**(10,112)**	(10,554)
	(9,552)	(8,251)

17. INVENTORIES

	2015 RMB'000	2014 RMB'000
Finished goods	**4,382**	551
Materials and supplies	**67**	106
	4,449	657

18. TRADE RECEIVABLES

	2015 RMB'000	2014 RMB'000
Trade receivables	**5,998**	–
Impairment	**–**	–
	5,998	–

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

18. TRADE RECEIVABLES (continued)

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

	2015 RMB'000	2014 RMB'000
Within 3 months	**3,338**	–
3 months to 6 months	**2,660**	–
	5,998	–

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

	2015 RMB'000	2014 RMB'000
Neither past due nor impaired	**3,338**	–
1 to 3 months past due	**2,660**	–
	5,998	–

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

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

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Deferred offering costs	**–**	6,078
Other receivables	**956**	52
Others	**48**	67
	1,004	6,197

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

20. CASH AND CASH EQUIVALENTS

	2015 RMB'000	2014 RMB'000
Cash and bank balances	**35,871**	2,593

The Group's cash and bank balances are all denominated in RMB at the end of each reporting period, except for the following:

	RMB equivalent	
	2015 RMB'000	2014 RMB'000
Cash and bank balances (HKD)	**28,927**	114

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

21. OTHER PAYABLES AND ACCRUALS

	2015 RMB'000	2014 RMB'000
Payroll accruals	**821**	960
Interest payable	**–**	3
Other payables	**1,466**	13,426
	2,287	14,389

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

22. INTEREST-BEARING BANK BORROWING

	2015 RMB'000	2014 RMB'000
Bank loan, secured	–	1,195
Repayable within one year	–	525
Repayable in the second year	–	570
Repayable in the third to fifth years	–	100
	–	1,195
Analysed into:		
Current	–	525
Non-current	–	670
	–	1,195

The Group's interest-bearing bank borrowing is denominated in RMB. The Group's interest-bearing bank borrowing is a mortgage loan with an annual interest rate of 30% higher than the Loan Prime Rate issued by the People's Bank of China and repayable by instalment before 28 February 2017, which is secured by excavation machinery. In 2015, the interest-bearing bank borrowing was fully repaid by the Group.

23. PROVISION FOR REHABILITATION

	2015 RMB'000	2014 RMB'000
At the beginning of year	**910**	853
Additions	–	–
Unwinding of discount (Note 7)	**62**	57
At the end of year	**972**	910

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

24. SHARE CAPITAL

Shares

	2015 **RMB'000**	2014 RMB'000
Issued and fully paid:		
352,000,000 (2014: 200) ordinary shares	**2,782**	–

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

	Number of shares in issue	**Share capital** RMB'000	**Share premium account** RMB'000	**Total** RMB'000
At 1 January 2014	100	–	–	–
Issuance of shares (a)	100	–	7,941	7,941
At 31 December 2014 and 1 January 2015	200	–	7,941	7,941
Capitalisation of share premium account (b)	263,999,800	2,087	(2,087)	–
Issuance of shares for the IPO (c)	88,000,000	695	60,614	61,309
Share issue expenses	–	–	(8,294)	(8,294)
At 31 December 2015	352,000,000	2,782	58,174	60,956

(a) The Company was incorporated in the Cayman Islands on 23 August 2013, with authorised share capital of HKD1 divided into 100 ordinary shares of HKD0.01 each. On the date of incorporation, one nil-paid share was allotted and issued to Sharon Pierson, and subsequently transferred to Future Bright International Limited at par. On the same date, 50 and 49 nil-paid shares were allotted and issued to Future Bright International Limited and World Allied Investment Limited, respectively. On 27 November 2013, the Company acquired a 100% equity interest of Gold Title Investments Limited from Future Bright International Limited and World Allied Investment Limited, in consideration of which, the Company credited as fully paid the 51 nil-paid shares and 49 nil-paid shares respectively held by Future Bright International Limited and World Allied Investment Limited. On 28 April 2014, 49 shares of the Company held by World Allied Investment Limited were transferred to Easy Flourish Limited. On 7 May 2014, 51 and 49 ordinary shares of HKD0.01 each, credited as fully paid, were allotted and issued to Future Bright International Limited and Easy Flourish Limited, respectively, at a total cash consideration of HKD10,000,000.

(b) Pursuant to the shareholders' resolution passed on 8 December 2014, an aggregate of 263,999,800 shares of HKD0.01 each of the Company were allotted and issued, credited as fully paid at par, by way of capitalisation of a sum of RMB2,087,000 from the share premium account to the Company's shareholders on 9 January 2015.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

24. SHARE CAPITAL (continued)

(c) In connection with the Company's IPO, 88,000,000 shares of HKD0.01 each were issued at a price of HKD0.88 per share for a total cash consideration of approximately HKD77,440,000 (equivalent to approximately RMB61,309,000) before share issue expenses.

(d) The proceeds of HKD880,000 (equivalent to approximately RMB695,000), representing the par value, have been credited to the Company's share capital and the remaining proceeds of HKD76,560,000 (equivalent to approximately RMB60,614,000) have been credited to the share premium account.

25. RESERVES

The amounts of the Group's reserves and the movements therein for the year ended 31 December 2015 and prior years are presented in the consolidated statement of changes in equity on page 41 of the financial statements.

Capital reserve

The capital reserve represents the capital contribution from the shareholders of Gold Title Investments Limited prior to the incorporation of the Company and the capital contribution from the shareholders of the Company in 2015.

Contributed reserve

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

Safety fund surplus reserve

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

26. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at the end of each reporting period.

27. PLEDGE OF ASSETS

As at 31 December 2015, no property, plant and equipment (31 December 2014: RMB1,991,000) were pledged to a bank that provided a mortgage loan for the Group's equipment purchase.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

28. OPERATING LEASE ARRANGEMENTS

As lessee

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

	2015	2014
	RMB'000	RMB'000
Within one year	**724**	78
In the second to fourth years, inclusive	**258**	290
	982	368

29. COMMITMENTS

At the end of the reporting period, the Group did not have any significant commitments.

30. RELATED PARTY TRANSACTIONS

(a) During the year ended 31 December 2015, the Group had no material transactions with related parties.

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

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

	2015	2014
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**4,436**	1,549
Pension scheme contributions	**77**	80
	4,513	1,629

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

31. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2015 RMB'000	2014 RMB'000
Financial assets – loans and receivables		
Cash and cash equivalents	**35,871**	2,593
Financial assets included in prepayments, deposits and other receivables	**956**	52
	36,827	2,645
Financial liabilities – financial liabilities at amortised cost		
Interest-bearing bank borrowing	**–**	1,195
Financial liabilities included in other payables and accruals	**1,466**	13,429
	1,466	14,624

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amount		Fair value	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Interest-bearing bank borrowing	**–**	670	**–**	655

Except as detailed in the above table, management has assessed that the fair values of cash and cash equivalents, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts with related parties, the current portion of interest-bearing bank borrowing 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 following methods and assumptions were used to estimate the fair values:

The fair value of the non-current portion of interest-bearing bank borrowing has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowing as at 31 December 2015 was assessed to be insignificant.

At the end of each reporting period, neither the Group nor the Company had any financial asset or liability measured at fair value.

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

During the year ended 31 December 2015, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements.

Liabilities for which fair values are disclosed:

As at 31 December 2015

	Fair value measurement using significant unobservable inputs (Level 3) RMB'000
Interest-bearing bank borrowing	–

As at 31 December 2014

	Fair value measurement using significant unobservable inputs (Level 3) RMB'000
Interest-bearing bank borrowing	655

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax (through the impact on long-term floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax RMB'000
Year ended 31 December 2015		
RMB	–	–
RMB	–	–
Year ended 31 December 2014		
RMB	50	(33)
RMB	(50)	33

Foreign currency risk

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

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

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

	2015 RMB'000	2014 RMB'000
Increase/(decrease) in loss before tax:		
If RMB weakens against HKD	**1,449**	–
If RMB strengthens against HKD	**(1,449)**	–

Credit risk

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

The Group has no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, deposits and other receivables and amounts due from related parties included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

The Group's cash and cash equivalents are deposited in major reputable financial institutions without significant credit risk. The credit risk of the Group's other financial assets, which comprise other receivables and amounts due from related parties, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group has no other financial assets which carry significant exposure to credit risk.

During the year ended 31 December 2015, the Group had no concentration of credit risk with any single counterparty.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

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

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

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

Year ended 31 December 2015

	On demand RMB'000	**Less than 3 months RMB'000**	**3 to 12 months RMB'000**	**Over 1 year RMB'000**	**Total RMB'000**
Interest-bearing bank borrowing	**–**	**–**	**–**	**–**	**–**
Financial liabilities included in other payables and accruals	**1,466**	**–**	**–**	**–**	**1,466**
	1,466	**–**	**–**	**–**	**1,466**

Year ended 31 December 2014

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	Over 1 year RMB'000	Total RMB'000
Interest-bearing bank borrowing	–	151	453	705	1,309
Financial liabilities included in other payables and accruals	13,802	–	–	–	13,802
	13,802	151	453	705	15,111

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which equals to its net debt (total debts net of cash and bank balances) divided by total equity. Total debt is defined as interest-bearing bank loan and it excludes liabilities incurred for working capital purposes. As at 31 December 2015 and 31 December 2014, the Group's cash and bank balances exceeded the interest-bearing bank loan, respectively. As such, no gearing ratios as at 31 December 2015 and 31 December 2014 are presented.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

34. EVENTS AFTER THE REPORTING PERIOD

No event occurred after the end of the reporting period and up to 23 March 2016 that needs to be disclosed.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS		
Investment in a subsidiary	**28,680**	28,680
CURRENT ASSETS		
Due from subsidiaries	**23,074**	–
Prepayments, deposits and other receivables	**191**	–
Cash and cash equivalents	**28,282**	5
Total current assets	**51,547**	5
CURRENT LIABILITIES		
Other payables and accruals	**308**	1,323
Due to a subsidiary	**1,764**	708
Total current liabilities	**2,072**	2,031
NET CURRENT ASSETS/(LIABILITIES)	**49,475**	(2,026)
TOTAL ASSETS LESS CURRENT LIABILITIES	**78,155**	26,654
Net assets	**78,155**	26,654
EQUITY		
Issued capital	**2,782**	–
Reserves (note)	**75,373**	26,654
Total equity	**78,155**	26,654

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

Note:

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

	Share premium	Contributed reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	–	20,868	(129)	(31)	20,708
Loss for the year	–	–	–	(1,991)	(1,991)
Other comprehensive loss for the year:					
Exchange differences on translation of foreign operations	–	–	(4)	–	(4)
Total comprehensive loss for the year	–	–	(4)	(1,991)	(1,995)
Issue of ordinary shares	7,941	–	–	–	7,941
At 31 December 2014	7,941	20,868	(133)	(2,022)	26,654
At 1 January 2015	7,941	20,868	(133)	(2,022)	26,654
Loss for the year	–	–	–	(4,766)	(4,766)
Other comprehensive income for the year:					
Exchange differences on translation of foreign operations	–	–	3,017	–	3,017
Total comprehensive income/(loss) for the year	–	–	3,017	(4,766)	(1,749)
Issue of ordinary shares	58,527	–	–	–	58,527
Share issue expenses	(8,059)	–	–	–	(8,059)
At 31 December 2015	58,409	20,868	2,884	(6,788)	75,373

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

36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 March 2016.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December			Period from 21 September to 31 December
	2015	2014	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**11,271**	2,858	–	–
Loss before tax	**(1,463)**	(12,459)	(11,226)	(2,431)
Income tax (expense)/credit	**(1,301)**	225	1,428	410
Loss for the period/year attributable to owners of the Parent	**(2,764)**	(12,234)	(9,798)	(2,021)
Loss for the period/year attributable to owners of the Parent: Basic and diluted	**RMB0.8 cents**	RMB5.6 cents	RMB7.4 cents	N/A

	As at 31 December			
	2015	2014	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**107,915**	66,747	60,717	60,410
Total liabilities	**(12,811)**	(24,745)	(14,352)	(11,544)
Net assets	**95,104**	42,002	46,365	48,866
Equity attributable to owners of the Parent	**95,104**	42,002	46,365	48,866

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