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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2212)

SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Reference is made to the annual report of Future Bright Mining Holdings Limited (the "**Company**"), and together with its subsidiaries, the "**Group**") for its financial year ended 31 December 2018 (the "**Annual Report**"). Unless otherwise stated, capitalized terms used herein shall bear the same meanings as defined in the Annual Report.

The Board would like to supplement the following additional information to the Annual Report:

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

As mentioned in the paragraph headed "Use of Proceeds from the Placing of New Shares under General Mandate of the First Placing of new shares on 16 February 2017" in the Report of the Directors, the Group intends to use the remaining proceeds of approximately HK$23 million for the construction of processing plant.

According to the existing plan of the Group, the Group intends to use the remaining proceeds of approximately HK$23 million for the construction of a processing plant by 31 December 2020. Nevertheless, the construction of the processing plant is subject to both the approval of the relevant governmental authority and the grant of the land use rights by the relevant governmental authority. Based on the information available to the Group as at the date of this announcement, the said land will only be available in or after 31 December 2019.

2. MATERIAL IMPAIRMENT

Details of value of inputs used for valuation together with the basis and assumptions

With respect to the impairment assessment of approximately RMB16.11 million for non-financial assets of the marble block operating segment and RMB4.45 million for the goodwill of money lending business, the impairment test was based on the recoverable amount of each cash-generating unit ("**CGU**"). The recoverable amount of the CGU is based on a value-in-use calculation. There was no change in the valuation method used by the management. The major value of inputs used for the valuation and underlying assumptions are summarized as follows:

Impairment assessment of non-financial assets of marble block operating segment

- the discounted cash flow projections were based on the mine reserve and approved production capacity of the PRC government and it is assumed that 212,600m^3 of marble blocks (max volume) can be produced and sold up to 31 December 2032 at a discount rate of 14%; and

- the current mining permit will expire on 30 December 2021. It is renewable and is subject to the approval of the PRC government. It is assumed that the mining license can be renewed.

Impairment assessment of goodwill of money lending business

- the discounted cash flow projections cover a five-year period at a discount rate of 14%. Cash flows beyond the five-year period are extrapolated using declining growth rates until a steady 3% growth rate is reached. This growth rate does not exceed the long-term growth rate for the market in which the Group operates; and

- the current money lenders licence would have expired in April 2019. It is renewable and is subject to the approval of the HKSAR government. It is assumed that the licence can be renewed each year.

Reasons for any significant changes in the value of the inputs and assumptions

For the impairment assessment of the non-financial assets, due to the past practices and expectations of future changes in the market, the revenue of the marble block business will expect to defer to later years when compared with the valuation in 2017. Besides, the cost, including staff salary, manufacturing cost and material cost will be increased to a greater extent when compared with the growth of revenue. By adopting a prudent view in the evaluation of mining right, the carrying amount of the CGU had exceeded its recoverable amount by approximately RMB16.11 million. Impairment losses of approximately RMB4.87 million, RMB10.92 million and RMB0.32 million were allocated to property, plant and equipment, intangible assets and long-term prepayment respectively on pro rata basis.

For the impairment assessment of goodwill, due to keen competition and a challenging environment and the risks associated with possible default of borrowers and decline in loan interest rates, the Group did not expect to attract new customers and expand this business segment. Under the current condition of business, the CGU is expected to experience a net outflow of cash in the five-year period and cause the carrying amount of CGU to exceed its recoverable amount by approximately RMB4.45 million. The Group believes that any possible changes in other key assumptions on which the recoverable amount is based would not cause the CGU's carrying amount to exceed its recoverable amount. In the year ended 31 December 2018, the directors determined that an impairment of approximately RMB4.45 million was recognized for the above CGU containing goodwill and the carrying amount of goodwill was reduced to zero.

Reasons for using discounted cash flow analysis

The discounted cash flow ("**DCF**") analysis is a method used to estimate the value of an investment based on its future cash flows. DCF analysis determines the value of the company today based on projections on how much cashflow the company will generate in the future.

According to the Standards and Guidelines for Valuation of Mineral Properties issued by the Special Committee of the Canadian Institute of Mining, Metallurgy and Petroleum on Valuation of Mineral Properties ("**CIMVAL**"), the DCF valuation method is very widely used and is generally accepted in Canada as the preferred method for valuation of mineral properties. CIMVAL is also recognized by the Stock Exchange under Chapter 18 of the Listing Rules.

The additional information above does not affect other information contained in the Annual Report, and the contents of the Audit Report remain unchanged.

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

Hong Kong, 3 October 2019

As at the date of this announcement, the executive Directors are Ms. Liu Jie (the chairperson), Mr. Li Yuguo, Mr. Hu Minglong, Mr. Liu Yan Chee James, Mr. Rao Dacheng and Ms. Yang Xiaoqiu; the non-executive Director is Mr. Yang Xiaoqiang (the vice chairman); and the independent non-executive Directors are Mr. Chen Xun, Mr. Zhang Yijun, Prof. Lau Chi Pang JP and Ms. Liu Shuyan.