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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)

DISCLOSEABLE TRANSACTION
ACQUISITION OF PRODUCTION MACHINERIES
AND SUBSEQUENT TERMINATION

THE ACQUISITION

Acquisition of Production Machineries

On 20 February 2020, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Purchase Agreement with the Supplier for the acquisition of Production Machineries at a total consideration of RMB11,744,200 (equivalent to approximately HK\$13,040,000).

Subsequent termination of the Purchase Agreement

Due to the outbreak of COVID-19 in 2020, the Supplier was unable to deliver the Production Machineries to the Purchaser in accordance with the Purchase Agreement. On 20 February 2021, the Purchaser entered into the Settlement and Termination Agreement with the Supplier to terminate the Purchase Agreement. According to the Settlement and Termination Agreement and as at the date of this announcement, a total of RMB6,000,000 (equivalent to approximately HK\$6,660,000) has been refunded by the Supplier.

IMPLICATION UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules. Further, according to Rule 14.36, the Company shall announce the termination of the Purchase Agreement as soon as practicable.

The Company acknowledges that the notification and announcement in respect of the Acquisition as contemplated under the Purchase Agreement and the termination of the Acquisition as per the Settlement and Termination Agreement as required under Chapter 14 of the Listing Rules had been delayed due to the unintentional oversight by the management of the Purchaser and the Company of the relevant Listing Rule requirements and failure to strictly adhere with the internal control policies of the Group applicable to transactions of this nature. The Company will implement certain remedial measures for preventing occurrence of any similar non-compliance incidents in the future.

THE ACQUISITION

On 20 February 2020, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Purchase Agreement with the Supplier for the acquisition of Production Machineries. The principal terms of the Purchase Agreement are set out below:

Date : 20 February 2020

Parties : (i) The Purchaser, an indirect wholly-owned subsidiary of the Company; and

(ii) The Supplier

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the Purchase Agreement and the date of this announcement, the Supplier and its ultimate beneficial owner(s) were Independent Third Parties.

Subject Matter : The Purchaser agreed to acquire from the Supplier and the Supplier agreed to sell to the Purchaser the Production Machineries, which mainly consist of cutting machineries of marble blocks, deep-well pump and transportation equipment.

The Supplier also agreed under the Purchase Agreement to provide ancillary services to the Purchaser upon the receipt of the Production Machineries, including arranging relevant technical personnel to be on site for installing the Production Machineries and providing supervision, inspection and maintenance services for a specified period as agreed between the parties to the Purchase Agreement

Consideration : RMB11,744,200 (equivalent to approximately HK\$13,040,000)

The Consideration was determined after arm's length negotiations between the parties to the Purchase Agreement after considering the market price of similar machineries at the time of the Purchase Agreement. The Consideration would be funded by internal resources of the Group.

Payment Terms : According to the Purchase Agreement, the Consideration shall be paid by the Purchaser to the Supplier in the following manner:

(i) RMB9,400,000 (representing 80% of the Consideration) (equivalent to approximately HK\$10,440,000) shall be paid by the Purchaser within a week of the date of the Purchase Agreement, as a deposit for the Acquisition (the "**Deposit**");

(ii) RMB1,172,100 (representing 10% of the Consideration) (equivalent to approximately HK\$1,300,000) shall be paid by the Purchaser upon receipt and inspection of the Production Machineries; and

(iii) the remaining Consideration of RMB1,172,100 (equivalent to approximately HK\$1,300,000) shall be paid by the Purchaser after the installation and normal operation (for a period of one month) of the Production Machineries.

On 27 March 2020, the Purchaser paid the Deposit to the Supplier. The payment of Deposit was satisfied by internal resources of the Group.

Delivery : The Production Machineries shall be delivered by the Supplier to the Purchaser on or before 30 May 2020.

Liability for breach : In the case if the Production Machineries (or any part of them) delivered to the Purchaser by the Supplier do not accord with the quality or specifications as set out in the Purchase Agreement, the Supplier shall compensate the Purchaser in a way as agreed with the Purchaser.

For delay caused by the Supplier, the Supplier shall pay the Purchaser damages at the rate of 0.5% of the Consideration every seven day of the delay, subject to maximum damages of up to 5% of the Consideration. For a delay of more than four weeks, the Purchaser has the right to terminate the Purchase Agreement, and all relevant losses shall be borne by the Supplier.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in (i) the production and sale of marble and marble related products; and (ii) the trading of mineral commodities.

The Supplier is a company incorporated in the PRC and is principally engaged in the sale of chemical products, metal materials, machinery and electrical equipment.

The Group currently holds the mining permit of the Yiduoyan Project. As the Group is applying to the relevant PRC authorities to enhance the annual production capacity of the mine under the Yiduoyan Project, additional production machineries are required to cope with the increased production capacity (once approved) and expand the marble mine production. Accordingly, the Purchaser entered into the Purchase Agreement with the Supplier to purchase the Production Machineries. The terms of the Purchase Agreement had been arrived at after arm's length negotiations between the Purchaser and the Supplier. The Directors, having taken into account comparable terms of similar transactions and proposals from other suppliers, consider that the terms of the Purchase Agreement are normal commercial and are fair and reasonable and that the Acquisition is in the interests of the Company and its Shareholders as a whole.

SUBSEQUENT DEVELOPMENT – TERMINATION OF THE ACQUISITION

Due to the outbreak of COVID-19 in 2020, the operation of the Supplier had been suspended for a period of about six months and it was unable to deliver the Production Machineries to the Purchaser in accordance with the Purchase Agreement. On 20 February 2021, the Supplier sent a letter to the Purchaser explaining that due to COVID-19 and the suspension in operation, it could not deliver the Production Machineries pursuant to the Purchase Agreement and undertaking that it would, from March 2021 onwards, refund the Purchaser an amount of RMB1 million on the 30th day of each month until the Deposit is refunded in full. The Purchaser, having considered the circumstances leading to the failure on part of the Supplier to deliver the Production Machineries and with a view to maintaining an ongoing business relationship with the Supplier, accepted this by a return letter to the Supplier of the same date (together with the letter from the Supplier, the “**Settlement and Refund Agreement**”). The Acquisition was terminated accordingly.

As at the date of this announcement, a total of RMB6,000,000 (equivalent to approximately HK\$6,660,000) has been refunded by the Supplier.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules. Further, according to Rule 14.36, the Company shall announce the termination of the Purchase Agreement as soon as practicable.

The Company acknowledges that the notification and announcement in respect of the Acquisition as contemplated under the Purchase Agreement and the termination of the Acquisition as per the Settlement and Termination Agreement as required under Chapter 14 of the Listing Rules had been delayed due to the unintentional oversight by the management of the Purchaser and the Company of the relevant Listing Rule requirements and failure to strictly adhere with the internal control policies of the Group applicable to transactions of this nature. The Company will implement certain remedial measures for preventing occurrence of any similar non-compliance incidents in the future.

REMEDIAL ACTIONS

To prevent the occurrence of any similar non-compliance incidents in the future, the following remedial measures will be taken by the Group:

- (i) an internal memorandum will be issued to all subsidiary-level directors, senior management members and accounting and financial personnel of the Group to remind them the relevant approval procedures for all acquisitions and disposals with value over HK\$3 million to be entered into by any of the members of the Group to ensure compliance with the relevant internal control procedures;
- (ii) trainings will be arranged to be provided to the relevant staff (including all subsidiary-level directors and senior management members) in relation to the regulatory and compliance matters under the Listing Rules, particularly those concerning notifiable and connected transactions, to increase their awareness and knowledge of the Listing Rules; and
- (iii) the Company will work closely and seek advice from its legal adviser from time to time and as and when necessary.

DEFINITIONS

“Acquisition”	the acquisition of the Production Machineries pursuant to the Purchase Agreement
“Board”	the board of Directors
“Company”	Future Bright Mining Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2212)
“Consideration”	the total consideration payable for the Acquisition, being RMB11,744,200 (equivalent to approximately HK\$13,040,000)
“COVID-19”	the novel coronavirus
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third party independent of the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Production Machineries”	the machineries to be acquired by the Purchaser under the Purchase Agreement, which mainly consists of cutting machineries of marble blocks, deep-well pump and transportation equipment
“Purchaser”	襄陽高鵬礦業有限公司 (Xiangyang Future Bright Mining Limited*), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company

“Purchase Agreement”	the sale and purchase agreement dated 20 February 2020 entered into between the Purchaser and the Supplier in respect of the Acquisition
“RMB”	Renminbi, the lawful currency of the PRC
“Settlement and Termination Agreement”	the two letters dated 20 February 2021 exchanged between the Supplier and the Purchaser to terminate the Purchase Agreement and the Acquisition contemplated thereunder and to arrange for refund of the Deposit
“Shares”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Supplier”	北京科運特經貿發展有限公司, a company established in the PRC
“Yiduoyan Project”	an open pit mine located in the Hubei Province of the PRC
“%”	per cent

For the purpose of this announcement, conversion of RMB into HK\$ is calculated at the exchange rate of RMB1.00 to HK\$1.11. Such exchange rate has been used, where applicable, for the purpose of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

* *For illustration purpose only*

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

Hong Kong, 2 September 2021

As at the date of this announcement, the executive Directors are Mr. Li Yuguo, Mr. Liu Yan Chee James, Mr. Lyu Bin and Mr. Yang Xiaoqiang (the vice chairman); and the independent non-executive Directors are Mr. Chen Xun, Mr. Zhang Yijun, Prof. Lau Chi Pang J.P. and Ms. Liu Shuyan.