# 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)**

## **2024** Annual Report

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# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Bao Rongrong Note 1
Li Yuguo Note 2
Lyu Bin Note 2
Sun Hailong Note 3
Xue Yunfei *(Chief Executive Officer)* Note 4
Yang Jiantong
Yang Xiaoqiang *(Vice Chairman)* Note 1
Zhou Dechuan Note 5

### Non-Executive Directors

Chen Jin Note 6
Zhu Min Note 7

### Independent Non-Executive Directors

Prof. Lau Chi Pang *J.P.*
Wang Xiaolong
Wong Wan Lung
Zhang Yijun Note 8

## COMPANY SECRETARY

Wu Ho Wai

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 8101, Level 81
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 207 Shuijing Avenue
Chengguan Town
Nanzhang County, Xiangyang City
Hubei Province, the PRC

## REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

## AUDIT COMMITTEE

Wong Wan Lung *(Chairperson)*
Prof. Lau Chi Pang *J.P.*
Wang Xiaolong
Zhang Yijun Note 9

## NOMINATION COMMITTEE

Wang Xiaolong *(Chairman)*
Prof. Lau Chi Pang *J.P.*
Wong Wan Lung
Yang Jiantong
Zhang Yijun Note 9

## REMUNERATION COMMITTEE

Wang Xiaolong *(Chairman)*
Prof. Lau Chi Pang *J.P.*
Wong Wan Lung
Yang Jiantong
Zhang Yijun Note 9

## AUTHORISED REPRESENTATIVES

Li Yuguo Note 10
Wu Ho Wai
Xue Yunfei Note 11

Note 1: Resigned with effect from 1 April 2024
Note 2: Resigned with effect from 23 May 2024
Note 3: Appointed with effect from 1 April 2024
Note 4: Appointed as chief executive officer on 26 January 2024 and appointed as an executive Director with effect from 1 April 2024
Note 5: Appointed with effect from 1 September 2024
Note 6: Appointed with effect from 5 July 2024
Note 7: Appointed with effect from 10 August 2024
Note 8: Resigned with effect from 5 July 2024
Note 9: Ceased to be the member on 5 July 2024
Note 10: Ceased on 23 May 2024
Note 11: Appointed with effect from 23 May 2024

## PRINCIPAL BANKERS

The Hongkong and Shanghai
Banking Corporation Limited
Hang Seng Bank Limited
China Citic Bank International Limited

## LEGAL ADVISER AS TO HONG KONG LAWS

Kwok Yih & Chan
Suite 1501, 15th Floor
Bank of America Tower
12 Harcourt Road
Central, Hong Kong

## AUDITORS

Reanda HK CPA Limited
*(formerly known as Lau & Au Yeung C.P.A. Limited)*
21st Floor, Tai Yau Building
181 Johnston Road
Wanchai, Hong Kong

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
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

## STOCK CODE

2212

## WEBSITE

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

# KEY FINANCIAL HIGHLIGHTS

| | 2024<br>RMB'000 | 2023<br>RMB'000 | Change |
|---|---|---|---|
| **RESULTS** | | | |
| Revenue | **96,359** | 77,739 | 23.95% |
| Gross profit | **3,010** | 1,454 | 107.02% |
| Loss before tax | **(19,259)** | (21,031) | -8.43% |
| Income tax credit | **443** | 1,179 | -62.43% |
| Loss for the year | **(18,816)** | (19,852) | -5.22% |
| Loss attributable to owners of the Company | **(18,848)** | (19,604) | -3.86% |
| Basic and diluted loss per share | **RMB1.80 cents** | RMB2.23 cents | -19.28% |

| | 2024<br>RMB'000 | 2023<br>RMB'000 | Change |
|---|---|---|---|
| **KEY ITEMS IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION** | | | |
| Equity attributable to owners of the Company | **46,969** | 33,193 | 41.50% |
| Total assets | **158,662** | 137,849 | 15.10% |
| Net assets per share | **RMB0.045** | RMB0.038 | 18.42% |

| | 2024 | 2023 | Change |
|---|---|---|---|
| **OPERATION SUMMARY OF YIDUOYAN PROJECT** *(Note 1)* | | | |
| Marble blocks production volume ($m^3$) | – | — | N/A |
| Marble blocks sales volume ($m^3$) | – | — | N/A |
| Marble blocks average sale price, excluding VAT (RMB) | – | — | N/A |

Note:

(1) The Group was undergoing mining license renewal procedures and processing expansion works of Yiduoyan Project for the years ended 31 December 2023 and 2024, respectively. Therefore, no excavation work was conducted by the Group and no marble block was produced and sold.

## FINANCIAL REVIEW

### Revenue

During the year ended 31 December 2024 (the "**Year**"), the operating revenue of Future Bright Mining Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") was approximately RMB96.36 million, representing an increase of approximately 23.95% as compared to the operating revenue of approximately RMB77.74 million for the year of 2023 (the "**FY2023**"). During the Year, the Group was preparing for expansion works of Yiduoyan Project. Although no excavation work was conducted by the Group, some abandoned stones from expansion works were sold. As a result, revenue derived from the marble block segment was approximately RMB0.48 million for the Year (FY2023: nil).

Owing to the serious coal mining accident in Inner Mongolia which occurred in February 2023, the coal mining activities of our major suppliers were temporarily suspended and the Group's coal trading business for the first three quarters of FY2023 was adversely affected. During the Year, the coal trading business was resumed to normal. The Group has been actively sourcing suppliers in the market based on the types, quality, quantity and pricing of coals. Besides, we also considered the market reputation, reliability and credibility of potential suppliers to meet the demand of the customers. The Group recognises revenue when coals have been placed at or collected by customer at agreed location. Customers normally have to pay the Group directly in full before collecting the coal. Revenue generated from this segment was approximately RMB95.88 million (FY2023: approximately RMB77.74 million) for the Year.

The following table sets forth the breakdown of the Group's revenue by business segment for the Year and for FY2023:

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | RMB'000 | Percentage to total revenue | Gross Profit margin | RMB'000 | Percentage to total revenue | Gross Profit margin |
| Marble block | 475 | 0.49% | 100.00% | — | — | 0.00% |
| Commodity trading | 95,884 | 99.51% | 2.64% | 77,739 | 100.00% | 1.87% |
| Total | 96,359 | 100.00% | 3.12% | 77,739 | 100.00% | 1.87% |

### Cost of Sales

The Group's cost of sales increased from approximately RMB76.29 million for FY2023 to approximately RMB93.35 million for the Year, representing an increase of approximately 22.36%, and such cost was solely attributable to the coal trading business under the commodity trading segment. Since there was no mining operation during the Year and abandoned stones sold during the Year were generated during the expansion work of the mining site, the cost of such abandoned stones was zero (FY2023: nil). The increase in cost of sales of the commodity trading segment was in line with the increase in revenue derived from the same segment.

### Gross Profit and Gross Profit Margin

The gross profit of the Group increased to approximately RMB3.01 million for the Year (Gross profit margin of approximately 3.12%) when compared with the gross profit for FY2023 of approximately RMB1.45 million (FY2023: gross profit margin of approximately 1.87%). The gross profit margin of the segment of marble block increased to 100.00% as compared to the zero gross profit margin for FY2023. The change was due to the selling of some abandoned stones generated from expansion works with no cost. However, the increase in the gross profit margin of the marble block segment was partially offset by the lower profit margin of the commodity trading segment, being approximately 2.64%, which in turn resulted in an overall gross profit margin of approximately 3.12% of the Group for the Year.

### Other Income

Other income for the Year were approximately RMB0.60 million, which represented an increase of approximately RMB0.41 million as compared to the other income of approximately RMB0.19 million for FY2023. The increase was mainly attributable to the increase of bank interest income from approximately RMB0.08 million to approximately RMB0.59 million for the Year.

### Administrative Expenses

Administrative expenses mainly included legal and professional fees, printing and announcement fee, depreciation, annual listing fee, directors' remuneration, salaries and benefits of staff and other general office expenses. Administrative expenses of the Group increased by approximately RMB0.91 million or 5.82% from approximately RMB15.64 million for FY2023 to approximately RMB16.55 million for the Year. The increase was mainly driven by the increment of staff costs, trip expenses and depreciation of leasehold improvement of the Hong Kong office for the Year.

### Other Operating Expenses

Other operating expenses decreased from approximately RMB2.73 million for FY2023 to approximately RMB0.06 million for the Year. During the Year, the Group has recorded loss of approximately RMB3,400 arising from the deregistration and struck off of subsidiaries (FY2023: approximately RMB2.34 million). Other operating expenses also included net foreign exchange loss of approximately RMB0.28 million for the Year (FY2023: approximately RMB0.36 million) and gain of approximately RMB0.27 million was recorded from disposal of property, plant and equipment (FY2023: approximately RMB0.04 million). No donation was made during the Year (FY2023: approximately RMB0.02 million in-kind donation).

The Directors performed impairment assessment on the cash-generating unit ("**CGU**") of the marble block segment as at 31 December 2024 with reference to a valuation report issued by an independent qualified valuer. No impairment of non-financial assets was provided during the Year (FY2023: nil). Details of impairment test and related assumptions used for valuation are discussed in the paragraph headed "Impairment Assessment".

### Losses on Changes in Fair Value of Financial Assets at Fair Values Through Profit or Loss

As at 31 December 2024, the Group had current equity investments at fair value through profit or loss of approximately RMB0.01 million which were investments in various Hong Kong listed shares (as at 31 December 2023: approximately RMB0.03 million). The Group recorded net fair value loss of equity investments of approximately RMB0.01 million for the Year (FY2023: approximately RMB0.07 million).

**Finance Costs**

Finance costs increased from approximately RMB4.24 million for FY2023 to approximately RMB6.26 million for the Year. The Group's finance costs represented interest on discounted provision for rehabilitation, interest on lease liabilities of office premises, interest on borrowings and interest on mining right payable. The increase was mainly attributable to interest of mining right payable of approximately RMB2.74 million (FY2023: approximately RMB1.25 million) and the interest on borrowings of approximately RMB3.20 million (FY2023: approximately RMB2.59 million).

**Loss Attributable to Owners of the Company**

In view of the above factors, loss attributable to owners of the Company was narrowed by approximately 3.86% to approximately RMB18.85 million (FY2023: approximately RMB19.60 million) for the Year.

**Impairment Assessment**

With respect to the impairment assessment for CGU of the marble block segment, the Group engaged AP Appraisal Limited, an independent qualified valuer, to carry out a valuation of the recoverable amount of the CGU as at 31 December 2024, based on the value-in-use ("**VIU**") calculations. The valuation uses cash flow projections based on financial estimates covering a 47-year (FY2023: 47-year) period and a discount rate of 11% (FY2023: 12%). Such a projection period was estimated based on the mine reserve and anticipated annual consumption volume. There was no change in the valuation method used in current and prior years. The major underlying assumptions used in the VIU calculation for impairment assessment are summarised as follows:

- the discounted cash flow projections were based on the mine reserve;
- the Company will sell both marble blocks and slab during the period;
- the average gross margin (% of revenue) of approximately 51.60% is based on past practices and expectations of future changes in the market;
- the discount rates using pre-tax rates of 11% that reflect current market assessments of the time value of money and the risk specific to the CGU; and
- the growth rates of sales volume and unit price are by reference to past experience and industry growth forecasts.

The valuation method of discounted cash flow ("**DCF**") was adopted for the calculation of the VIU of the CGU. 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 recognised by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") under Chapter 18 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

No impairment provision was made for the Year as the Directors consider that the recoverable amount of the CGU had exceeded the carrying amount with reference to the valuation report (FY2023: nil).

## BUSINESS REVIEW

**Marble and Marble-related Business**

During the Year, we are continuously focusing on the development of the Yiduoyan Project, which is an open pit mine located in Hubei Province of the PRC. During the Year, the Group was preparing for expansion works of the Yiduoyan Project. Although no excavation work was conducted by the Group, some abandoned stones from expansion works were sold. As a result, revenue derived from this business segment was approximately RMB0.48 million for the Year (FY2023: nil).

**Trading of Commodities Business**

Owing to the serious coal mining accident in Inner Mongolia which occurred in February 2023, the coal mining activities of our major suppliers were temporarily suspended and the Group's coal trading business for the first three quarters of FY2023 was adversely affected. During the Year, the coal trading business was resumed to normal. The Company has been actively sourcing suppliers in the market based on the types, quality, quantity and pricing of coals. Besides, we also considered the market reputation, reliability and credibility of potential suppliers to meet the demand of the customers. We typically enter into framework procurement contracts with our suppliers, which is indicative of our commitment to secure reliable sources of coal and allows us to negotiate better terms and ensure consistent quality of coal supplied. The Group, as principal, has control and responsibility over the entire sale process and discretion over pricing through negotiations; and is engaged in the entire transaction process, from procurement to ensuring the taking of delivery by our customers. In fulfilling our orders, we take the primary responsibility in sourcing and understanding the particular specifications of coal required by our customers on an order-by-order basis. The Group recognises revenue when coals have been placed at or collected by customer at agreed location. Customers normally have to pay the Company directly in full before collecting the coal. Revenue generated from this segment was approximately RMB95.88 million (FY2023: approximately RMB77.74 million) for the Year.

**Relationships with Customers, Suppliers, Contractors and Other Stakeholders**

During the Year, there was no material and significant dispute between the Group and its key stakeholders, including employees, customers, suppliers, contractors, lenders, banks, regulators and shareholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

**Environmental Policies**

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

**Compliance with Relevant Laws and Regulations**

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

During the Year, the Group has complied with all applicable laws and regulations in Hong Kong and the PRC in all material aspects for the business operation of the Group. Besides, except for processing of the production safety license* (安全生產許可證) for the expanded production capacity, the Group has obtained all material approvals, permits and licenses for its current business operations.

## MAJOR EXPLORATION, DEVELOPMENT AND PRODUCTION ACTIVITIES

**Mineral Exploration**

We have completed the mineral exploration works at the time of renewing the mining permit in 2022, and no further mineral exploration work was carried out for the Year. As a result, there was no expenditure on mineral exploration.

**Development**

Since the Group was undergoing expansion works of the Yiduoyan Project during the Year, mining operation was temporarily suspended during the Year. The Group recorded development expenditures of approximately RMB13.31 million with respect to the expansion of the Yiduoyan Project during the Year (FY2023: approximately RMB60.16 million). A detailed breakdown of the development expenditures is set out below:

| | 2024<br>RMB'000 |
|---|---:|
| Design service fee for expansion of mine facilities | 170.0 |
| Education and training for production safety | 0.3 |
| Payment of land use rights | 11,401.0 |
| Homestead transfer fee payment | 36.1 |
| Payment for site leveling and step excavation | 790.3 |
| Production safety liability insurance | 25.2 |
| Production safety signs | 8.2 |
| Purchase of office equipment | 4.5 |
| Rental of production equipment and machinery | 100.0 |
| Safety assessment fee | 20.0 |
| Service fee of resource reserve verification report | 750.0 |
| Water resource fee for mining | 2.9 |
| Total | 13,308.5 |

**Mining Operation**

During the Year, no excavation work was conducted and hence no marble block was produced and sold. As a result, the expenditure of mining activities per $m^3$ was nil (FY2023: Nil).

* *For identification purposes only*

## RESOURCE AND RESERVE

Our Yiduoyan Project is an open pit mine located in Hubei Province of the PRC. On 12 July 2023, the Group has successfully renewed the mining permit of the Yiduoyan Project, pursuant to which the term of the mining right is renewed for a period of 20 years, from 12 July 2023 to 12 July 2043.

The renewed mining permit covers a mining area of 0.3973 $km^2$ and an annual production capacity of 540,000 tonnes (equivalent to approximately 200,000 $m^3$, as compared to the permitted annual production capacity of 20,000 $m^3$ under the original mining permit). With the increase in ore resource and permitted annual production capacity, it is expected that the Group would be able to expand its mining production in the future.

The Yiduoyan Project contains marble resources with resource expansion potential through exploration according to the independent technical report dated 29 December 2014 (the "**Independent Technical Report**") prepared by SRK Consulting (Hong Kong) Limited set out in Appendix IV to the prospectus of the Company dated 29 December 2014 (the "**Prospectus**"). In order to provide an update of the mineral resources and ore reserves of the Yiduoyan Project, a competent person's report dated 7 November 2023 (the "**CPR Report**") has been prepared by AP Appraisal Limited, as set out in Appendix II to the circular of the Company dated 7 November 2023.

**Yiduoyan Project's limestone mineral resource statement as at 31 December 2024**

| **Resource Category** | **Marble** (million $m^3$) | **Marble Block Yield** (million $m^3$) | **Industry Limestone** (million $m^3$) | **Total** (million $m^3$) |
|---|---|---|---|---|
| Inferred | 6.10 | 2.20 | 6.40 | 12.50 |
| Indicated | 10.10 | 1.40 | 7.40 | 17.50 |
| Total | 16.20 | 3.60 | 13.80 | 30.00 |

**Yiduoyan Project's marble reserve statement as at 31 December 2024**

| **Reserve Category** | **White marble V-1** (million $m^3$) | **Grey marble V-2** (million $m^3$) | **Total** (million $m^3$) | **Consumption White and Grey marble** (million $m^3$) | **Current Total** (million $m^3$) |
|---|---|---|---|---|---|
| Probable | 0.87 | 0.04 | 0.91 | 0.07 | 0.84 |

Notes:

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

(2) There was no material change in these estimates during the period from 7 November 2023 to 31 December 2024.

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

## MAJOR ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 27 December 2024, the Group entered into (i) the Guanyintang Land Use Rights Transfer Contract with the Guanyintang Village Committee; and (ii) the Miaojiagou Land Use Rights Transfer Contract with the Miaojiagou Village Committee, respectively, to acquire the land use rights of the Guanyintang Land and the Miaojiagou Land at a total consideration of approximately RMB11.4 million (equivalent to approximately HKD12.3 million). Details of the acquisitions are set out in the announcements of the Company dated 27 December 2024 and 6 January 2025.

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

## PRINCIPAL RISKS AND UNCERTAINTIES

The Group identified various principal risk factors and uncertainties that may affect our operating results and business prospects, including but not limited to the following:

| Risk factors and uncertainties | Risk response |
|---|---|
| **Limited talents in mining industry** | |
| The Yiduoyan Project is still in the development stage where full-scale site construction is currently taking place. The business growth of the Group is highly dependent on certain senior management members. Failure to retain the current key personnel and hire, train and retain senior executives may adversely affect the business and prospects of the Group. | The Group will actively recruit more talents who have professional knowledge or relevant experience in mining industry which can give recommendations to further develop and enhance the operation of Yiduoyan Project. |
| **Single mining project** | |
| We have only one mining project, the Yiduoyan Project. We expect the Yiduoyan Project will remain our only operating mine in the near future upon which we will depend on for the majority of our operating revenue and cash flows. The Yiduoyan Project is in the 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 Yiduoyan Project may not ultimately become profitable. 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. | Apart from the Yiduoyan Project, the Group continues to seek for other investment or business opportunities to broaden its income source and to further develop its business. |
| **Single marble product** | |
| The business and profitability of the Group depend on the customers' preferences, demand and supply on different types of marble blocks. Any adverse changes in market demand, customer preferences or market prices, and excess supply may have a material and adverse impact on the operating results of the Group. | The Group closely monitors the changes in the mining and construction industry.<br><br>Besides, the Board will continue to look for other profitable mining projects to expand the Group's sources of income and further develop its business. |

| Risk factors and uncertainties | Risk response |
|---|---|
| **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 of our mining operations due to unfavourable weather conditions and natural disasters (such as earthquakes, floods and landslides); (iii) accidents; (iv) unexpected outbreak of epidemic diseases; (v) electricity or water supplies interruptions; (vi) critical equipment failures in our mining operations; and (vii) unusual or unexpected variations in the mine and geological or mining conditions, such as instability of the slopes and subsidence of the working areas. These risks and hazards may result in personal injury, damage to, or destruction of production facilities, environmental damages and could temporarily disrupt our operations and damage our business reputation.<br><br>Any disruption for a prolonged 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. | The Group will continue to manage the cost carefully and optimise the resources utilisation. In addition to the Yiduoyan Project in Hubei Province, the Group will try its best to diverse its trading business in other regions of the PRC in the future. If one of the cities in the PRC is being locked down, the business located at other cities can still be operated as usual to minimise the adverse impact on operations and financial conditions of the Group. |
| **Debt crisis in real estate and construction industry of the PRC** | |
| The debt crisis encountered by some of the PRC property developers have affected the overall market conditions and the sentiment of the real estate and construction industry. Some of these PRC property developers (who are customers of the Group's marble business) requested to delay the orders and reduce the volume of marble block ordered. There may even be delays in payment and lead to a higher risk of default. | The Group will (i) diversify the risk by developing coal trading business to offset the temporary impact of the marble block segment; and (ii) minimise the risk of bad debts by receiving the full payment or deposits from customers in advance before the delivery of the goods. |
| **Sufficiency of funds to support capital expenditures** | |
| If the net proceeds from placing of shares are insufficient to fund the Group's future capital requirements for its development plans, the Group will have to use its cash flow from operations to fund its proposed development plans in the future. If the Group is unable to generate sufficient cash flow from its own operations, the Group may need to obtain additional funds by way of alternative financing. | The Group may consider raising funds again in the future to maintain its cash position at a higher security level. |

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

## FUTURE PROSPECTS

Our objective is to become a well-known supplier of marble blocks in the PRC. We plan to accomplish this goal by pursuing the following strategies: (i) develop the Yiduoyan Project; (ii) develop product recognition; (iii) expand our resources and reserve through further and selective acquisition; and (iv) develop our commodity trading business.

## BUSINESS OUTLOOK

**Develop marble and marble-related business**

The Group remained cautiously optimistic about the future prospects of its marble business. The Group is actively exploring new customers by different ways including through the network of our senior management. We expect the current decline in the marble business to be temporary and that our business will have a stable growth in the coming years.

On 12 July 2023, the Group successfully renewed the mining permit of the Yiduoyan Project for a term of 20 years, from 12 July 2023 to 12 July 2043. On 27 December 2024, the Group has entered into two land use rights transfer contracts at a total consideration of approximately RMB11.4 million. The acquisitions were conducted as part of the Group's expansion plan and given the lands are located adjacent to the mining site of the Yiduoyan Project, with the successful acquisitions and the subsequent change in the use of the lands to construction of roads and mining-related facilities, it is expected that construction and expansion of roads between the lands and the mining site will facilitate better access to the mining site, allowing for increased production capacity and improved logistics. Further, apart from the construction of roads, certain parts of the land would be used to provide extra space for the Yiduoyan Project and for its mining-related facilities and machineries. The strategic development of infrastructure is also expected to support the sustainability of the Yiduoyan Project in the long term, thereby contributing to the Group's operational development and benefitting its long-term business development.

The Group is currently undergoing expansion of the road between the mining surface and the main roads. Afterwards, the expansion of mining surface and construction of the mining facilities will be proceeded simultaneously. It is expected that the Group will be able to obtain all necessary licenses and resume production in or around the third quarter of 2025.

The Group has signed sales contracts of marble slab with some customers, of which partial deposits have been received. The Group expects that more sales contracts can be concluded after the completion of expansion works.

Besides, we will increase product varieties and recognition through industry exchanges. As part of our future plans for acquisitive growth, we plan to continue to carefully identify and evaluate selective acquisition opportunities.

**Develop the commodities trading business**

We believe that continued development of the commodities trading business will enable the Group to expand its business portfolio, diversify its income source and possibly enhance its financial performance. Other than trading of coals, we will continue to look for other attractive business opportunities whenever the same arises.

## SEGMENT INFORMATION

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

## LIQUIDITY, CAPITAL RESOURCES AND GEARING RATIO

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

As at 31 December 2024, the Group had cash and cash equivalents of approximately RMB20.29 million which were denominated in Hong Kong dollars and Renminbi (as at 31 December 2023: approximately RMB13.09 million).

The Group had long-term borrowings as at 31 December 2024. The gearing ratio (defined as long-term debt divided by total shareholder's equity) as at 31 December 2024 was 0.99 (as at 31 December 2023: 1.98). The current ratio of the Group as at 31 December 2024 was approximately 1.10 times as compared to 1.46 times as at 31 December 2023, based on current assets of approximately RMB37.12 million (as at 31 December 2023: approximately RMB18.70 million) and current liabilities of approximately RMB33.85 million (as at 31 December 2023: approximately RMB12.78 million).

## CAPITAL STRUCTURE

On 19 January 2024, a total of 175,543,200 placing shares have been successfully placed by the placing agent to not less than six placees at the placing price of HKD0.205 per placing share under the general mandate granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 27 June 2023. Upon the completion of the aforesaid placing of new shares, the total number of issued shares was increased from 877,716,000 shares to 1,053,259,200 shares. Please refer to the Company's announcements dated 5 January 2024 and 19 January 2024 for further details of the placing.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group employed a total of 29 full time employees (as at 31 December 2023: 28 employees) who were 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 basic salaries and other employees' benefits including contributions to statutory mandatory provident funds for our Hong Kong employees, and social insurance together with housing provident funds for our PRC employees. Besides, the Group also provides medical benefits and subsidises employees in various training and continuous education programmes.

## CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group did not have any significant capital commitments and contingent liabilities as at 31 December 2024.

## CHARGES OVER THE GROUP'S ASSETS

There were no charges over the Group's assets as at 31 December 2024.

## SIGNIFICANT INVESTMENTS

The Group had no material securities investments during the Year.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, there was no specific plan for material investments or capital asset as at 31 December 2024.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's monetary assets, liabilities and transactions are mainly denominated in Hong Kong dollars ("**HKD**") and Renminbi ("**RMB**"). During the Year, the Group did not use financial instruments for hedging purposes. The Group will continue to monitor the related foreign currency exposure and take necessary procedures to reduce the currency risks arising from the fluctuations in exchange rates at reasonable costs.

## OTHER MATTERS

During the course of the audit for the year ended 31 December 2022, it has come to the Company's attention that the Beijing branch of Shengjing Bank Co., Ltd.* (盛京銀行股份有限公司北京分行) (the "**Bank**") has, on 20 May 2022, applied and obtained an order from the Security Bureau in Faku County, Shenyang, the PRC (瀋陽市法庫縣公安局) to freeze the registered capital in the amount of RMB10 million (the "**Subject Registered Capital**") of Xiangyang Future Bright Mining Limited* (襄陽高鵬礦業有限公司) ("**XYFB**") (representing approximately 50% of the registered capital of XYFB) held by Future Bright (H.K.) Investment Limited ("**FBHK**") (the "**Order**"). Both XYFB and FBHK are wholly-owned subsidiaries of the Company. Under the Order, no transfer of the Subject Registered Capital is allowed.

Based on subsequent enquiries made by the Company, the Order was made in relation to a loan dispute (the "**Loan Dispute**") involving Mr. Li Yuguo ("**Mr. Li**"), the then executive Director (resigned with effect from 23 May 2024) and former controlling shareholder (ceased on 23 January 2024) of the Company, and the Bank.

As advised by the PRC legal advisers to the Company, there is currently nothing to indicate that XYFB or FBHK (i) is involved in or otherwise connected with the Loan Dispute; and (ii) has provided any form of guarantee, security or assets pledge to the Bank in relation to the Loan Dispute. Based on the information currently available, the PRC legal advisers are of the view that the Order does not have any direct impact on the normal business operations of the Group.

The Company has been closely following up with Mr. Li on the above with a view of discharging the Order and will seek appropriate legal advice where necessary. The Directors confirm that, to the best of their knowledge and information having made all reasonable enquiries, the Group has not provided any form of guarantee, security or assets pledge to the Bank in relation to the Loan Dispute. As at the date of this report, the Directors are of the view that the Order did not have any material impact on the Group's operations. The Company will closely monitor any development and announce any updates once available.

* *For identification purposes only*

# 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, and can protect the rights and enhance the value to shareholders. The Company is committed to maintaining good corporate governance standard and procedures to ensure the integrity, transparency and accountability to our shareholders. This corporate governance report is prepared in compliance with the reporting requirements as contained in Appendix C1 to the Listing Rules.

Key corporate governance practices and activities for the Year are highlighted in this report. Discussions on the Company's environmental policies/performance and our relationship with key stakeholders are covered by a separate Environmental, Social and Governance Report which will be published separately on the websites of the Company and 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 Part 2 of the Corporate Governance Code (the "**CG Code**") in Appendix C1 to the Listing Rules. Except for the deviations of the CG Code as explained below, the Company had complied with the applicable code provisions of the CG Code during the Year. The Company will continue to enhance its corporate governance practices appropriate to the operation and growth of its business.

Under code provision C.2.7 of the CG Code, the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. The office of the chairman was vacated since March 2020. The Company intends to appoint a suitable candidate internally for the position as the chairman of the Board and such internal selection process is still ongoing as at the date of this report. The Company will comply with this code provision after the appointment of the chairman.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the code of conduct with respect to the dealings in securities of the Company by the Directors as set out in Appendix C3 to 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 set out in the Model Code during the Year.

## BOARD OF DIRECTORS

### Function

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

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

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

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

No corporate governance committee has been established and the Board recognises that corporate governance should be the collective responsibility of the Directors which includes:

(a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of the Directors and senior management;

(c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors;

(d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on related matters; and

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

**Responsibilities and Delegation by the Board**

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

Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

**Composition**

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

| Board Members | Board of Directors | Audit Committee | Remuneration Committee | Nomination Committee |
|---|---|---|---|---|
| Ms. Bao Rongrong *(Resigned with effect from 1 April 2024)* | Executive Director | | | |
| Mr. Li Yuguo *(Resigned with effect from 23 May 2024)* | Executive Director | | | |
| Mr. Lyu Bin *(Resigned with effect from 23 May 2024)* | Executive Director | | | |
| Mr. Sun Hailong *(Appointed with effect from 1 April 2024)* | Executive Director | | | |
| Mr. Xue Yunfei *(Appointed with effect from 1 April 2024)* | Executive Director and Chief Executive Officer | | | |
| Mr. Yang Jiantong | Executive Director | | Member | Member |
| Mr. Yang Xiaoqiang *(Resigned with effect from 1 April 2024)* | Former Vice Chairman and Executive Director | | | |
| Mr. Zhou Dechuan *(Appointed with effect from 1 September 2024)* | Executive Director | | | |
| Mr. Chen Jin *(Appointed with effect from 5 July 2024)* | Non-Executive Director | | | |
| Ms. Zhu Min *(Appointed with effect from 10 August 2024)* | Non-Executive Director | | | |
| Prof. Lau Chi Pang J.P. | Independent Non-Executive Director | Member | Member | Member |
| Mr. Wang Xiaolong | Independent Non-Executive Director | Member | Chairman | Chairman |
| Ms. Wong Wan Lung | Independent Non-Executive Director | Chairperson | Member | Member |
| Mr. Zhang Yijun *(Resigned with effect from 5 July 2024)* | Independent Non-Executive Director | Former Member | Former Member | Former Member |

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

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

The new Directors appointed during the Year have obtained the legal advice referred to in Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to them as directors of the Company and the possible consequences of making a false declaration or giving false information to the Stock Exchange. All of the newly appointed Directors have confirmed they understood their obligations as a director of the Company. For details, please refer to the table below showing the date on which each of the new Directors obtained the legal advice before his/her appointment became effective:

| **Directors** | **Date of obtaining legal advice** |
|---|---|
| Sun Hailong *(Appointed with effect from 1 April 2024)* | 27 March 2024 |
| Xue Yunfei *(Appointed with effect from 1 April 2024)* | 27 March 2024 |
| Chen Jin *(Appointed with effect from 5 July 2024)* | 5 July 2024 |
| Zhu Min *(Appointed with effect from 10 August 2024)* | 7 August 2024 |
| Zhou Dechuan *(Appointed with effect from 1 September 2024)* | 29 August 2024 |

Each independent non-executive Director has provided a written annual confirmation of his/her independence with reference to the independence guidelines as set out in Rule 3.13 of the Listing Rules. The Company also considers that they are independent within the meaning of the Listing Rules.

The term of office of each of the independent non-executive Directors is for a term of three years unless terminated by either party giving at least one month's notice in writing or equivalent payment in lieu. All of them are subject to retirement by rotation and re-election at an annual general meeting ("**AGM**") at least once every three years.

During the Year, no chairman was appointed. Mr. Yang Xiaoqiang was the vice chairman (resigned with effect from 1 April 2024) of the Board. He was responsible to carry out additional monitoring duties in the absence of the chairman and support the deliberations of the Board to ensure that the Board can fulfil its duties and conduct its work and affairs effectively and efficiently. Mr. Bao Xuefeng resigned as the chief executive officer with effect from 1 January 2024 and thereafter Mr. Xue Yunfei was appointed as the chief executive officer of the Company on 26 January 2024 to oversee the business of the Group and executing decisions of the Board.

**Meetings**

Details of Directors' attendance records at the Board meetings and general meetings of the Company for the Year are set out below:

| Board Members | Number of Meetings Attended/ Eligible to Attend Board Meetings | AGM |
|---|---|---|
| ***Executive Directors*** | | |
| Bao Rongrong *(Resigned with effect from 1 April 2024)* | 4/5 | N/A |
| Li Yuguo *(Resigned with effect from 23 May 2024)* | 6/7 | 0/1 |
| Lyu Bin *(Resigned with effect from 23 May 2024)* | 6/7 | 0/1 |
| Sun Hailong *(Appointed with effect from 1 April 2024)* | 8/8 | 1/1 |
| Xue Yunfei *(Appointed with effect from 1 April 2024)* | 8/8 | 1/1 |
| Yang Jiantong | 9/13 | 1/1 |
| Yang Xiaoqiang *(Resigned with effect from 1 April 2024)* | 5/5 | N/A |
| Zhou Dechuan *(Appointed with effect from 1 September 2024)* | 2/3 | N/A |
| ***Non-executive Directors*** | | |
| Chen Jin *(Appointed with effect from 5 July 2024)* | 4/5 | N/A |
| Zhu Min *(Appointed with effect from 10 August 2024)* | 4/5 | N/A |
| ***Independent Non-executive Directors*** | | |
| Prof. Lau Chi Pang J.P. | 8/13 | 1/1 |
| Wang Xiaolong | 12/13 | 1/1 |
| Wong Wan Lung | 13/13 | 1/1 |
| Zhang Yijun *(Resigned with effect from 5 July 2024)* | 7/8 | 1/1 |

**Continuous Professional Development of the Directors**

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

Under code provision C.1.4 of the CG Code, all Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses at the Company's expenses and are requested to provide their respective training record.

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

| Board Members | Attending seminar(s)/ programme(s)/conference(s) relevant to the business or directors' duties | Self-reading |
|---|---|---|
| ***Executive Directors*** | | |
| Bao Rongrong *(Resigned with effect from 1 April 2024)* | | |
| Li Yuguo *(Resigned with effect from 23 May 2024)* | | |
| Lyu Bin *(Resigned with effect from 23 May 2024)* | | |
| Sun Hailong *(Appointed with effect from 1 April 2024)* | | ✓ |
| Xue Yunfei *(Appointed with effect from 1 April 2024)* | | ✓ |
| Yang Jiantong | ✓ | ✓ |
| Yang Xiaoqiang *(Resigned with effect from 1 April 2024)* | | |
| Zhou Dechuan *(Appointed with effect from 1 September 2024)* | | ✓ |
| ***Non-executive Directors*** | | |
| Chen Jin *(Appointed with effect from 5 July 2024)* | | ✓ |
| Zhu Min *(Appointed with effect from 10 August 2024)* | | ✓ |
| ***Independent Non-executive Directors*** | | |
| Prof. Lau Chi Pang J.P. | | ✓ |
| Wang Xiaolong | | ✓ |
| Wong Wan Lung | ✓ | ✓ |
| Zhang Yijun *(Resigned with effect from 5 July 2024)* | | |

**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 which are in conformity with the International Financial Reporting Standards; and
- made judgments and estimates that are prudent and reasonable; and have prepared the consolidated financial statements on the going concern basis.

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

## BOARD COMMITTEES

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

### Audit Committee

The Company has established an audit committee in compliance with the Listing Rules. The audit committee of the Board (the "**Audit Committee**") consists of all the independent non-executive Directors, namely Ms. Wong Wan Lung, Prof. Lau Chi Pang J.P., Mr. Wang Xiaolong and Mr. Zhang Yijun (ceased on 5 July 2024). It is chaired by Ms. Wong Wan Lung.

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

The Audit Committee held four meetings during the Year. The individual attendance of each member is as follows:

| Committee Members | Number of Meetings Attended/ Eligible to Attend |
|---|---|
| Wong Wan Lung *(Chairperson)* | 4/4 |
| Prof. Lau Chi Pang J.P. | 3/4 |
| Wang Xiaolong | 4/4 |
| Zhang Yijun *(Ceased on 5 July 2024)* | 3/3 |

The members of the Audit Committee have full access to and co-operation from the management of the Group and they have full discretion to invite any Director or executive to attend the meeting. The Audit Committee had performed, among other things, the following functions during the Year: (1) reviewed external auditors' audit report and matters incidental thereto; (2) discussed the internal control system and risk management of the Company; (3) reviewed the periodic financial statements of the Company and made recommendation to the Board for approval; and (4) discussed the proposed appointment of the external auditors and made recommendation to the Board.

Subsequent to the Year and up to the date of this report, the Audit Committee had, among other things, reviewed the audited results of the Group for the Year and this report.

**Remuneration Committee**

The remuneration committee of the Board (the "**Remuneration Committee**") consists of three independent non-executive Directors and one executive Director, namely Mr. Wang Xiaolong, Prof. Lau Chi Pang J.P., Ms. Wong Wan Lung, Mr. Yang Jiantong and Mr. Zhang Yijun (ceased on 5 July 2024). It is chaired by Mr. Wang Xiaolong.

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 Remuneration Committee held four meetings during the Year. The individual attendance of each member is as follows:

| **Committee Members** | **Number of Meetings Attended/ Eligible to Attend** |
|---|---|
| Wang Xiaolong *(Chairman)* | 4/4 |
| Prof. Lau Chi Pang J.P. | 2/4 |
| Wong Wan Lung | 4/4 |
| Yang Jiantong | 3/4 |
| Zhang Yijun *(Ceased on 5 July 2024)* | 2/3 |

At the meetings held during the Year, the Remuneration Committee has, amongst others, reviewed the structure of remuneration for the Directors and the senior management of the Company and assessed their performance, and reviewed the terms of the Directors' service contracts, and made recommendations to the Board on related matters. The Remuneration Committee considers that the existing terms of the service contracts of the executive Directors and independent non-executive Directors are fair and reasonable. Details of the remuneration policy of the Directors are set out on page 39 of this annual report.

**Nomination Committee**

The nomination committee of the Board (the "**Nomination Committee**") consists of three independent non-executive Directors and one executive Director, namely Mr. Wang Xiaolong, Prof. Lau Chi Pang J.P., Ms. Wong Wan Lung, Mr. Yang Jiantong and Mr. Zhang Yijun (ceased on 5 July 2024). It is chaired by Mr. Wang Xiaolong.

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

The Nomination Committee held four meetings during the Year. The individual attendance of each member is as follows:

| Committee Members | Number of Meetings Attended/ Eligible to Attend |
|---|---|
| Wang Xiaolong *(Chairman)* | 4/4 |
| Prof. Lau Chi Pang J.P. | 2/4 |
| Wong Wan Lung | 4/4 |
| Yang Jiantong | 3/4 |
| Zhang Yijun *(Ceased on 5 July 2024)* | 2/3 |

At the meetings held during the Year, the Nomination Committee had, among other things: (1) reviewed the structure, size and composition of the Board; (2) reviewed the Company's Board diversity policy; (3) discussed the casual vacancies arising from resignation of Directors identified and reviewed the individuals nominated for directorship, based on the nomination policy of the Company, and made recommendation to the Board during the Year; (4) assessed the independence of independent non-executive Directors; and (5) evaluated the performance of the retiring Directors at the general meeting(s) and recommended the retiring Directors for re-election to Board.

During the Year, in proposing Mr. Sun Hailong, Mr. Xue Yunfei, Mr. Zhou Dechuan, Mr. Chen Jin and Ms. Zhu Min to be the Directors of the Company, the Nomination Committee has assessed the suitability of the candidates by considering their reputation for integrity, valuable working experience, knowledge, professionalism and commitment of the candidate to devote sufficient time and interest to carry out their duties. Based on the board diversity policy adopted by the Company, the Nomination Committee has also considered each of the proposed candidates above would bring to the Board a diversity of perspectives, including but not be limited to the gender, age, cultural and educational background, ethnicity, professional experience, skills, industry knowledge and length of service.

**Board Diversity Policy**

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

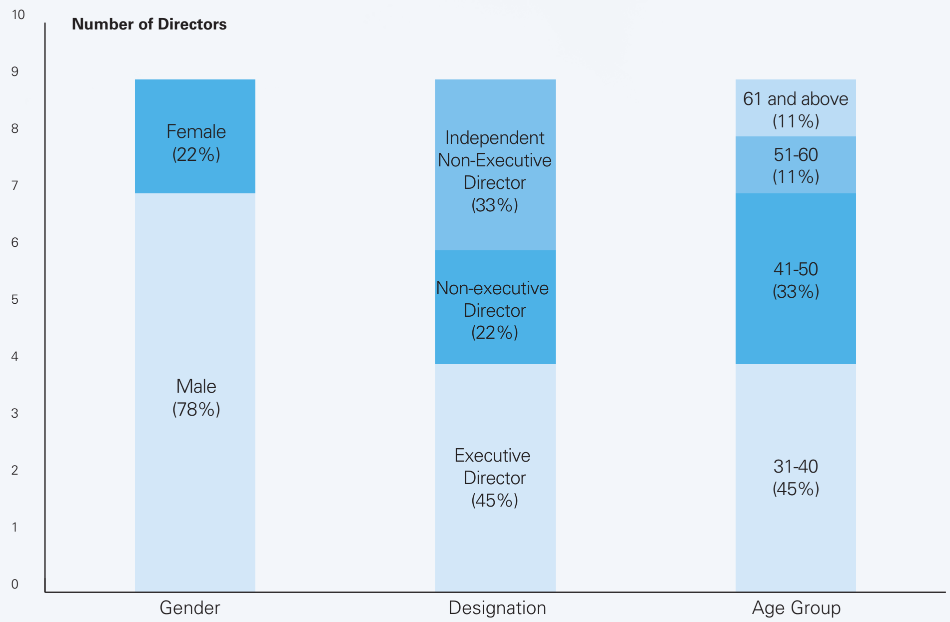
The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

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

The Nomination Committee monitors the implementation of the Board diversity policy, reviews the Board diversity policy as and when appropriate and recommends any revisions for the Board's approval to ensure its effectiveness.

As at the date of this report, the Board comprises nine Directors. Three of the Directors are independent non-executive Directors and independent of the management of the Group, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, in terms of gender, age and professional background or skills.

The following chart shows the diversity profile of the Board as at 31 December 2024:




The Board will perform annual review of the Board diversity policy for ensuring its constant effectiveness, monitor the implementation of Board diversity policy and report its details in the corporate governance report annually.

**Nomination Policy**

The company secretary of the Company shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members for consideration by the Nomination Committee. The Nomination Committee may also put forward candidates who are not nominated by Board members. The factors which would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate for Director include, inter alia, reputation for integrity, professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, willingness to devote adequate time to discharge duties as Board member, diversity of the Board, and such other perspectives appropriate to the Company's business. The Nomination Committee shall make recommendations for the Board's consideration and approval.

## DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge and understand their responsibility for preparing the financial statements and to ensure that the financial statements of the Group are prepared in a manner which reflects the true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required under the Listing Rules. The statement of the external auditors of the Company, Messrs. Reanda HK CPA Limited (formerly known as Lau & Au Yeung C.P.A. Limited), about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 44 to 49 of this annual report.

## REMUNERATION OF EXTERNAL AUDITORS

During the Year, remuneration paid or payable to the Company's auditors, Messrs Reanda HK CPA Limited (formerly known as Lau & Au Yeung C.P.A. Limited), was as follows:

| **Services rendered:** | RMB'000 |
|---|---|
| — audit services | 687 |
| — non-audit service | N/A |

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

## INTERNAL CONTROL AND RISK MANAGEMENT

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

The risk management and internal control system are reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and identification of business risks. The Board is satisfied that, based on information furnished to it and on its own observations, the present risk management and internal controls of the Group are satisfactory.

The Group is committed to the identification, monitoring and management of risks associated with its business activities and has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound cash management system and periodic review of the Group's performance by the Audit Committee and the Board.

During the Year, the Group did not have an internal audit function but has engaged an external professional firm to conduct the annual review of the risk management and internal control systems. The review has covered financial, operational and compliance control on a cyclical basis and some recommendations were provided in the internal control review report. All recommendations are properly followed up by the Group. Therefore, the Board considered that the risk management and internal control systems are effective and adequate.

## INSIDE INFORMATION

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

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

## SENIOR MANAGEMENT'S REMUNERATION

The senior management's remuneration of the Group for the Year falls within the following bands:

| | **Number of individuals** |
|---|---|
| HKD Nil to HKD1,000,000 | 2 |
| HKD1,000,001 to HKD1,500,000 | 2 |
| | 4 |

## COMPANY SECRETARY

Mr. Wu Ho Wai is the company secretary of the Company. During the Year, Mr. Wu had taken no less than 15 hours of relevant professional trainings to update his skill and knowledge as required under the Listing Rules. Please refer to the section headed "Biographical Details of Directors and Senior Management" of this report for his biographical information.

## COMMUNICATIONS WITH SHAREHOLDERS

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

In order to promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the shareholders. The Company uses various communication tools to ensure its shareholders are kept well informed of key business imperatives. These include general meetings, annual and interim reports, various notices, announcements, circulars and electronic means of communication via the Company's website and the Stock Exchange.

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

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, pursuant to the Articles, shareholder(s) holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company may request the Company to convene an EGM 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.

After reviewing the shareholders' communication policy, the Company is of the view that such policy has effectively promoted sound communication between the Company and the shareholders.

If any shareholder wishes to nominate a person to stand for election as a Director at general meeting, the following documents must be validly served on the Company's principal place of business in Hong Kong (Unit 8101, Level 81, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong) or to the branch share registrar of the Company (Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong), provided that the minimum length of the period, during which such documents are given, shall be at least seven days and that (if such documents are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such documents shall commence on the day after the despatch of the notice of a general meeting appointed for election of director and end no later than seven days prior to the date of such meeting:

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

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

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

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

| | |
|---|---|
| Address: | Unit 8101, Level 81, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong (For the attention of the Company Secretary) |
| Fax: | 852-2989 2212 |
| Email: | contact@fbmining.com |

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

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

Shareholders may refer to the Articles for further details of their rights. The poll 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

During the Year, there were no changes to the Company's constitutional document. A copy of the latest amended and restated Articles of the Company is posted on the Company's and the Stock Exchange's respective websites.

# REPORT OF THE DIRECTORS

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

## PRINCIPAL ACTIVITIES

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

## RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the state of affairs of the Group as at 31 December 2024 are set out in the audited consolidated financial statements on pages 50 to 119 of this annual report.

## DIVIDEND POLICY

The Company has adopted a dividend policy ("**Dividend Policy**"), pursuant to which the Company may distribute dividends to the shareholders of the Company by way of cash or shares. Any distribution of dividends shall be in accordance with the Articles and the distribution shall achieve continuity, stability and sustainability.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's earnings per share, the reasonable return in investment of the investors and the shareholders in order to provide incentive to them to continue to support the Group in their long-term development, the financial conditions and business plan of the Group, and the market sentiment and circumstances.

The Dividend Policy will be reviewed annually and there is no assurance that a dividend will be proposed or declared in any specific periods.

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

## 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 = 3.12% (2023: 1.87%)<br><br>Return on equity = -40.06% (2023: -59.86%) | During the Year, the change in gross profit margin was mainly due to the resumption of coals trading business and selling of abandoned stones from marble block segment. |
| Enhance customers satisfaction and maintain quality control | Number of complaint from customers = 0 (2023: 0) | The Group targets to maintain its zero customer complaint record. |
| Improve the Group's liquidity | Financing activity cash inflow = RMB15,105,000 (2023: inflow RMB46,636,000)<br><br>Cash and bank balances = RMB20,293,000 (as at 31 December 2023: RMB13,092,000) | The Group has maintained its normal financial position for the Year. The Group targets to maintain its cash position to a higher security level. |
| Strive for the "Zero Harm" safety goal | Number of occupational injury = 0 (2023: 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. |

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

**Placing of new shares on 16 February 2017**

The net proceeds from the placing of new shares under general mandate on 16 February 2017, after deducting the commissions and other fees and expenses in relation to the placing, amounted to approximately HKD34 million (equivalent to approximately RMB30 million).

On 24 August 2023, the Board resolved to change the use of the Remaining Proceeds as follows:

(i) approximately HKD13 million (equivalent to approximately RMB11.37 million) to be used as capital costs for the expansion of production capacity of the Yiduoyan Project; and

(ii) approximately HKD10 million (equivalent to approximately RMB8.75 million) for the general working capital of the Group

(the "**Change in UOP**").

Up to 31 December 2024, the Group had used the net proceeds as follows:

| | Original allocation of net proceeds | | | New allocation of the Remaining Proceeds after the Change in UOP | | | Utilisation of the Remaining Proceeds up to 31 December 2024 | | Remaining balance of net Proceeds as at 31 December 2024 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | HKD million | RMB Equivalent 'million | % of Net Proceeds | HKD million | RMB Equivalent 'million | % of Remaining Proceeds | HKD million | RMB Equivalent 'million | HKD million | RMB Equivalent 'million |
| Building a processing plant to produce slabs | 24 | 21 | 70.59% | — | — | — | — | — | — | — |
| Capital costs for expansion of production capacity of the Yiduoyan project | — | — | — | 13 | 11.37 | 56.52% | 13 | 11.37 | — | — |
| General working capital of the Group | 10 | 9 | 29.41% | 10 | 8.75 | 43.48% | 10 | 8.75 | — | — |
| Total | 34 | 30 | 100.00% | 23 | 20.12 | 100.00% | 23 | 20.12 | — | — |

| | Net proceeds utilised for the Year | |
|---|---|---|
| | HKD million | RMB Equivalent 'million |
| General working capital of the Group | 2.68 | 2.46 |

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

| | HKD million | RMB Equivalent 'million |
|---|---|---|
| Administrative expenses | 0.93 | 0.85 |
| Capital expenditures | 0.20 | 0.18 |
| Professional fee | 0.26 | 0.24 |
| Rental costs | 0.62 | 0.57 |
| Staff costs | 0.67 | 0.62 |
| Total | 2.68 | 2.46 |

During the Year, the utilised net proceeds amounted to approximately HKD2.68 million and the net proceeds were fully utilised as at 31 December 2024.

**Placing of new shares on 19 January 2024**

The net proceeds from the placing of new shares under general mandate on 19 January 2024, after deducting the commissions and other fees and expenses in relation to the placing, amounted to approximately HKD35.3 million (equivalent to approximately RMB32.1 million).

Up to 31 December 2024, the Group had used the net proceeds as originally intended as follows:

| | Allocation of net proceeds | | | Utilisation up to 31 December 2024 | | Remaining balance of net proceeds as at 31 December 2024 | |
|---|---|---|---|---|---|---|---|
| | HKD 'million | RMB Equivalent 'million | % of Net Proceeds | HKD 'million | RMB Equivalent 'million | HKD 'million | RMB Equivalent 'million |
| Expansion and development of project facilities at the Yiduoyan Project | 24.7 | 22.5 | 69.97% | 14.4 | 13.2 | 10.3 | 9.3 |
| General working capital of the Group | 10.6 | 9.6 | 30.03% | 10.6 | 9.6 | — | — |
| Total | 35.3 | 32.1 | 100.00% | 25.0 | 22.8 | 10.3 | 9.3 |

| | Net proceeds utilised for the Year | |
|---|---|---|
| | HKD million | RMB Equivalent 'million |
| Expansion and development of project facilities at the Yiduoyan Project | 14.36 | 13.15 |
| General working capital of the Group | 10.60 | 9.64 |
| Total | 24.96 | 22.79 |

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

| | HKD million | RMB Equivalent 'million |
|---|---|---|
| Administrative expenses | 2.05 | 1.81 |
| Capital expenditures | 0.23 | 0.21 |
| Professional fee | 0.44 | 0.40 |
| Rental costs | 2.55 | 2.34 |
| Staff costs | 4.18 | 3.83 |
| Loan interest | 1.15 | 1.05 |
| Total | 10.60 | 9.64 |

The Group intends to use the remaining proceeds of approximately HKD10.3 million for expansion and development of project facilities at the Yiduoyan Project as originally intended by 30 June 2025.

## MAJOR CUSTOMERS AND SUPPLIERS

| | Percentage of the Group's total | |
|---|---|---|
| | **Sales** | **Purchases** |
| Largest customer | 52.89% | |
| Five largest customers in aggregate | 98.81% | |
| Largest supplier | | 53.08% |
| Five largest suppliers in aggregate | | 100.00% |

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

## SHARE PREMIUM, RESERVES AND DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2024 were as follows:

| | **Share premium** RMB'000 | **Accumulated losses** RMB'000 |
|---|---|---|
| As at 31 December 2024 | 162,228 | (99,893) |
| As at 31 December 2023 | 130,899 | (87,791) |

The Company did not have distributable reserves as at 31 December 2024, calculated in accordance with the Companies Law of the Cayman Islands, as it has accumulated losses.

However, the Company's share premium amount may be distributed as dividends provided that immediately following the date of which the dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

## SHARE CAPITAL

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

## CHARITABLE DONATIONS

No donation was made by the Group during the Year (2023: approximately RMB0.02 million in-kind donation).

## PERMITTED INDEMNITY PROVISIONS

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

## SEGMENT INFORMATION

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

## FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the latest five financial years, as extracted from the audited financial statements, is set out on page 120 of this annual report. This summary is for information only and does not form part of the audited financial statements.

## PROPERTY, PLANT AND EQUIPMENT

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

## DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

**Executive Directors:**

Bao Rongrong *(Resigned with effect from 1 April 2024)*
Li Yuguo *(Resigned with effect from 23 May 2024)*
Lyu Bin *(Resigned with effect from 23 May 2024)*
Sun Hailong *(Appointed with effect from 1 April 2024)*
Xue Yunfei *(Appointed with effect from 1 April 2024)*
Yang Jiantong
Yang Xiaoqiang *(Resigned with effect from 1 April 2024)*
Zhou Dechuan *(Appointed with effect from 1 September 2024)*

**Non-Executive Directors:**

Chen Jin *(Appointed with effect from 5 July 2024)*
Zhu Min *(Appointed with effect from 10 August 2024)*

**Independent Non-Executive Directors:**

Prof. Lau Chi Pang J.P.
Wang Xiaolong
Wong Wan Lung
Zhang Yijun *(Resigned with effect from 5 July 2024)*

The Company has received from each of the independent non-executive Directors a confirmation of his/her 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 either to fill casual vacancy on the Board or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment 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.

Pursuant to article 83(3) of the Articles, Mr. Zhou Dechuan (appointed with effect from 1 September 2024), Mr. Chen Jin (appointed with effect from 5 July 2024) and Ms. Zhu Min (appointed with effect from 10 August 2024) will retire as Director at the forthcoming annual general meeting of the Company (the "**2025 AGM**"), being eligible, offer themselves for re-election. Mr. Xue Yunfei, Mr. Yang Jiantong and Mr. Wang Xiaolong will retire by rotation at the forthcoming 2025 AGM pursuant to article 84(1) of the Articles and, being eligible, will offer themselves for re-election.

The term of office of each of the non-executive Directors and independent non-executive Directors is for a term of three years unless terminated by either party giving at least one month's notice in writing or equivalent payment in lieu. All of them are subject to retirement by rotation and re-election at an annual general meeting at least once every three years.

Save as disclosed above, no Director proposed for re-election at the 2025 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).

## CHANGE IN DIRECTORS' INFORMATION

The change in the information of the Directors of the Company since the publication of the 2024 interim report of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

- Mr. Zhou Dechuan has been appointed as an executive Director of the Company with effect from 1 September 2024.

For further details, please refer to the announcement of the Company dated 30 August 2024.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The updated biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" in this report.

## RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group are set out in note 30 to the consolidated financial statements.

The related party transactions set out in note 30 to the consolidated financial statements constituted connected transactions of the Company but were fully exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## CONNECTED TRANSACTIONS

During the Year, the Directors are not aware of any related party transactions which constituted a non-exempt connected transaction or continuing connected transaction of the Company under the Listing Rules.

## 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 TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Saved as disclosed in this annual report, 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

Saved as disclosed in this annual report, there were no contracts of significance between the Company or any of its subsidiaries and a controlling shareholder (as defined under the Listing Rules) of the Company or any of its subsidiaries or any contracts of any significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries.

## DISCLOSURE OF INTERESTS

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

As at 31 December 2024, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**"), to be notified to the Company and the Stock Exchange.

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

So far as the Directors are aware, as at 31 December 2024, 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 entered in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

| Name | Long/ short position | Capacity and nature of interest | Number of ordinary shares | Approximate % shareholding |
|---|---|---|---|---|
| Wu Yan Nancy | Long position | Interest in controlled corporation | 258,647,000 (Note 1) | 24.56 |
| Golden Convergence Investment Limited | Long position | Interest in controlled corporation | 258,647,000 (Note 1) | 24.56 |
| Golden Convergence Holdings Group Limited | Long position | Beneficial owner | 258,647,000 (Note 1) | 24.56 |

Note:

1. These 258,647,000 Shares are registered in the name of Golden Convergence Holdings Group Limited, which is directly wholly-owned by Golden Convergence Investment Limited. Ms. Wu Yan Nancy is the beneficial owner of the entire issued share capital of Golden Convergence Investment Limited. Ms. Wu Yan Nancy is deemed to be interested in all the Shares held by Golden Convergence Holdings Group Limited under the SFO.

Save as disclosed above, the Company has not been notified by any persons or corporations, other than the Directors or chief executives of the Company, who had or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or as entered in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 December 2024.

## 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.

## REMUNERATION POLICY AND REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

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

Under the Mandatory Provident Fund Scheme, the Hong Kong employees are required to make regular mandatory contributions calculated at 5% of the employee's relevant income to an MPF scheme, subject to the minimum and maximum relevant income levels. No forfeited contribution is available to reduce the existing level of contributions for the defined contribution scheme.

The employees of the subsidiaries in the PRC are required to participate in a defined central pension scheme managed by the local municipal government of the areas in the PRC in which they operate. The subsidiaries are required to contribute certain percentage of the relevant part of the payroll of these employees to the central pension scheme.

The remuneration 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.

## DEBT SECURITIES

The Group has not issued any debt securities.

## EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of 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

The Company has complied with the Corporate Governance Code in Appendix C1 to the Listing Rules during the Year, except for those code provisions as set out above. Details of the corporate governance of the Company are set out in the Corporate Governance Report on pages 16 to 29 of this annual report.

## SUFFICIENCY OF PUBLIC FLOAT

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

## PURCHASE, SALE OR REDEMPTION OF SHARES

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

## RELIEF OF TAXATION

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

## BUSINESS REVIEW AND PRINCIPAL RISKS AND UNCERTAINTIES

The business review of the Group for the Year, an indication of likely future developments in the Group's business and the principal risks and uncertainties facing the Group are included in the section "Management Discussion and Analysis" on pages 5 to 15 of this annual report. Those discussions form part of this Report of the Directors.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The 2024 Environmental, Social and Governance Report of the Company will be published separately on the websites of the Company and the Stock Exchange.

## EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2024 and up to the date of this annual report.

## AUDITORS

The consolidated financial statements of the Group for the Year have been audited by Messrs. Reanda HK CPA Limited (formerly known as Lau & Au Yeung C.P.A. Limited), which will retire and, being eligible, offer themselves for re-appointment at the forthcoming 2025 AGM. A resolution for the re-appointment of Reanda HK CPA Limited as the Group's auditor will be proposed at the forthcoming 2025 AGM.

The Company has not changed its external auditors during each of the years ended 31 December 2020, 2021, 2022, 2023 and 2024.

On behalf of the Board

**Xue Yunfei**
*Executive Director*
Hong Kong, 20 March 2025

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The profile of Directors and senior management as at the date of this annual report are as follows:

## EXECUTIVE DIRECTORS

**Mr. Sun Hailong**, aged 38, was appointed as an executive Director of the Company with effect from 1 April 2024. He obtained a degree in accounting from the Inner Mongolia University of Technology（內蒙古工業大學）in June 2010. Mr. Sun previously worked as the capital supervisor and manager in the finance department of Inner Mongolia Lianchuang Investment Co., Ltd.*（內蒙古聯創投資有限公司）from March 2011 to February 2016. He was engaged in the supply chain finance between upstream and downstream supply of coal trading business from March 2016 to June 2022. Since June 2022, Mr. Sun has been working as the director and general manager in Inner Mongolia Main Pacific Energy Company Limited*（內蒙古萬僑能源有限公司）, a PRC subsidiary of the Company, in which he is responsible for the coals trading business of the subsidiary.

**Mr. Xue Yunfei**, aged 50, was appointed an executive director of the Company with effect from 1 April 2024. He was also the chief executive office of the Company since 26 January 2024. Mr. Xue obtained a bachelor's degree in economics from the Inner Mongolia College of Finance and Economics*（內蒙古財經學院）(currently known as the Inner Mongolia University of Finance and Economics*（內蒙古財經大學）) in July 2000. He obtained a master's degree in law from the China University of Political Science and Law in January 2008, a master's degree in business administration from the Inner Mongolia University in January 2012, and a master's degree of science in Chinese environmental studies from the Hong Kong Metropolitan University in March 2024. Mr. Xue previously worked in various departments in the Inner Mongolia Branch of the Bank of China from July 2011 to January 2023, in which his last position was departmental general manager. Mr. Xue is the spouse of Ms. Zhu Min, the non-executive Director of the Company.

Mr. Xue was named the Model Worker (Advanced Worker)* of the Inner Mongolia Autonomous Region（內蒙古自治區勞動模範（先進工作者））in April 2015 and awarded the National Finance May 1st Labour Medal*（全國金融五一勞動獎章）in March 2016.

**Mr. Yang Jiantong**, aged 34, was appointed as an executive Director of the Company with effect from 23 May 2022. He graduated from the University of Toronto and obtained a bachelor's degree in business administration in November 2015. He became a Chartered Professional Accountant in Canada in January 2020. Mr. Yang worked as a tax associate (internship) in the international tax department of PricewaterhouseCoopers, LLP Canada from February to April 2014 and February to April 2015, responsible for providing solutions to tax issues arising from the international flow of talents among multinational enterprises. He worked as a staff accountant and project manager in a medium-sized accounting firm in Toronto from October 2015 to December 2018, and has accumulated rich experience in project management, financial audit, review and tax planning. From January to March 2020, Mr. Yang served as an intermediate accountant in the audit team of BDO Canada LLP, focusing on the financial audit of Canadian SMEs to meet the financial audit requirements from government regulators and banks. In November 2021, Mr. Yang and Mr. Zhou Dechuan, an executive Director and the brother-in-law of Mr. Yang, founded Shenzhen Rongyu Private Equity Investment Limited Corporation*（深圳市融煜創業投資有限公司）("**Shenzhen Rongyu**") in Shenzhen and served as the general manager, focusing on primary market investment in chip semiconductors, environmental protection industries and new energy.

**Mr. Zhou Dechuan**, aged 32, was appointed as an executive Director of the Company with effect from 1 September 2024. He graduated from Cardiff Metropolitan University with a Master of Science degree in Human Resource Management in October 2017. In November 2021, Mr. Zhou and Mr. Yang Jiantong, an executive Director and the brother-in-law of Mr. Zhou, founded Shenzhen Rongyu, which is principally engaged in equity investment and mergers and acquisitions in the advanced science and technologies sector. Mr. Zhou serves as the general manager of the project department of Shenzhen Rongyu, and is responsible for its strategic research, equity restructuring, project acquisition and negotiation. Mr. Zhou specialises in the investment and financing of chip semiconductors and hard technology projects, exploring high-quality investment projects, as well as corporate operation and strategic management of Shenzhen Rongyu.

* *For identification purposes only*

## NON-EXECUTIVE DIRECTORS

**Mr. Chen Jin**, aged 59, was appointed as non-executive Director of the Company with effect from 5 July 2024. He has years of experience in the mining industry in the People's Republic of China (the "**PRC**"). Mr. Chen obtained a bachelor's degree in geological prospecting and exploration from Kunming Institute of Technology*（昆明工學院）(currently known as the Kunming University of Science and Technology*（昆明理工大學)) in July 1986. He has studied a postgraduate course in business administration at Kunming University of Science and Technology* from September 2000 to July 2002, and obtained a doctoral degree in mining engineering from the Central South University in June 2010.

Mr. Chen's major appointments include his position as the assistant to the general manager of Yunnan Metallurgical Group Co., Ltd*（雲南冶金集團股份有限公司), a company engaged in the mining and processing of metals, from September 2012 to September 2014. Prior to this, Mr. Chen worked in Yunnan Chihong Zinc and Germanium Co., Ltd*（雲南馳宏鋅鍺股份有限公司), a company engaged in processing, extracting and trading of metals, from December 2002 to September 2012, in which his last position was the general manager of Yunnan Chihong Zinc and Germanium Co., Ltd*. In his early years from July 1986 to November 2022, Mr. Chen worked in the Huize Lead-Zinc Mine*（會澤鉛鋅礦）situated in Yunnan, the PRC, with his last position being the chief engineer of the Huize Lead-Zinc Mine.

**Ms. Zhu Min**, aged 49, was appointed as non-executive Director of the Company with effect from 10 August 2024. She obtained a diploma in accounting from the Inner Mongolia College of Finance and Economics*（內蒙古財經學院）(currently known as the Inner Mongolia University of Finance and Economics*（內蒙古財經大學)) in July 1999 and a diploma in economics from Tsinghua University in September 2004. She previously worked in various departments in the Inner Mongolia Branch of China Development Bank from April 2003 to July 2024, in which her last position was the senior manager of the Department of Finance and Accounting of the Inner Mongolia Branch of China Development Bank. Ms. Zhu is the spouse of Mr. Xue Yunfei, the executive Director and the chief executive officer of the Company.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Prof. Lau Chi Pang J.P.**, aged 64, was appointed as an independent non-executive Director of the Company with effect from 19 September 2018. He obtained a master of philosophy from the University of Hong Kong in November 1987 and a doctor of philosophy from the University of Washington in August 2000. He is currently a professor in the history department of Lingnan University. He has lectured at Lingnan University since September 1993. He has also been the secretary general of Hong Kong Local Records Foundations and director of Hong Kong Local Records Office (香港地方誌辦公室) since June 2009 and the director of the history of Hong Kong and southern China research department of Lingnan University since September 2005. He had served as the vice chairman of the Tuen Mun District Council of Hong Kong from July 2011 to December 2011 and had been a member of the Tuen Mun District Council from January 2004 to December 2011. He has been an independent non-executive director of Shengjing Bank Co., Ltd. (盛京銀行股份有限公司) (Stock Code: 02066) from July 2014 to August 2018. He has been an independent non-executive director of Acme International Holdings Limited (Stock Code: 1870) and Freetech Road Recycling Technology (Holdings) Limited (Stock Code: 6888) since October 2019 and December 2022, respectively. Prof. Lau is also a current member of the seventh Hong Kong Legislative Council.

* *For identification purposes only*

**Mr. Wang Xiaolong**, aged 40, was appointed as an independent non-executive Director of the Company with effect from 23 May 2022. He has been working in Baotong Coal Mine of Zhungeer Banner Zhungeer Mining Area Xingda Industry and Trade Company* (准格爾旗准格爾礦區星達工貿有限責任公司寶通煤礦), since May 2008. Early, when he was in the position of safety supervisor, he was mainly responsible for inspecting and supervising the construction unit to implement the safety protection against hidden dangers of sub-sections and sub-projects in each process in accordance with the technical standards and specification requirements for coal mining construction safety. Later in June 2015, he was promoted to the manager of the company's engineering department, being responsible for the overall arrangement and management of earthwork stripping project of the open-pit coal mine to ensure the safe production of the open-pit coal mine.

**Ms. Wong Wan Lung**, aged 50, was appointed as an independent non-executive Director of the Company with effect from 25 October 2023. She has over 25 years of experience in accounting and financial management. Ms. Wong obtained a bachelor's degree in business administration from Lingnan College (currently known as Lingnan University) in 1997 and a master's degree in professional accounting from the Hong Kong Polytechnic University in 2010. She was admitted as a member and a fellow of The Association of Chartered Certified Accountants in November 2000 and November 2005, respectively. She was also admitted as a member of The Hong Kong Institute of Certified Public Accountants (previously known as the Hong Kong Society of Accountants) in January 2001.

Ms. Wong has been a director of Smart Well Consultants Limited since April 2016. She previously worked as the financial manager of Prosperity Management Services Limited from April 2019 to May 2021, a wholly-owned subsidiary of Prosperity Investment Holdings Limited (Stock Code: 310), the shares of which are listed on the Main Board of the Stock Exchange; and also the financial manager of Glorious Bright Limited from May 2012 to July 2021. Prior to that, she acted as the financial controller of China Outdoor Holdings Limited and Guohua Investment Holdings Limited, the finance and administration manager of First Sign International Holdings Limited, the shares of which were formerly listed on the Main Board of the Stock Exchange; and also worked in private companies and accounting firms.

## SENIOR MANAGEMENT

**Mr. Wu Ho Wai**, aged 48, was appointed as chief financial officer, company secretary and authorised representative of the Company with effect from 25 October 2018. He is the fellow member of the Association of Chartered Certified Accountants and also a member of the Hong Kong Institute of Certified Public Accountants. Mr. Wu holds a degree of Bachelor of Arts in Accountancy from Hong Kong Polytechnic University. Mr. Wu has over 20 years of experience in accounting and auditing. He was the company secretary and an authorised representative of Zhong Jia Guo Xin Holdings Company Limited, a company listed on the Main Board of the Stock Exchange (Stock Code:899) from September 2018 to December 2024.

* *For identification purposes only*

REANDA 利安達香港會計師事務所有限公司
Reanda HK CPA Limited

21/F, Tai Yau Building
181 Johnston Road
Wanchai
Hong Kong

香港
灣仔
莊士敦道181號
大有大廈21樓

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

## OPINION

We have audited the consolidated financial statements of Future Bright Mining Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 50 to 119, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

## KEY AUDIT MATTERS (continued)

| The Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| **1. Revenue recognition** | |
| The Group's revenue is derived from the sales of abandoned stones and coals for the year ended 31 December 2024. Revenue is recognised when the Group satisfies the performance obligation by transferring the control over abandoned stones and coals to the customer, which is the point of time when the Group delivers the abandoned stones and coals to the designated place and the customer accepts the abandoned stones and coals and signs on the goods delivery note in accordance with terms and conditions as set out in the contract with the customer.<br><br>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there may be an incentive for management to recognise revenue in the incorrect accounting period, either earlier or later, to meet its performance expectations or targets. | We obtained an understanding of and assessed the design, implementation and operating effectiveness of key internal controls in relation to revenue recognition from the sales of abandoned stones and coals.<br><br>We inspected key customer contracts, on a sample basis, to identify performance obligations and terms and conditions relating to goods acceptance and assessed the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards;<br><br>By comparing, on a sample basis, revenue transactions recorded during the year with the underlying sales orders, goods delivery notes signed by customers, invoices and transportation settlement forms, we assessed whether the related revenue was recognised in the appropriate accounting period;<br><br>By comparing, on a sample basis, specific revenue transactions recorded before and after the year end date with the underlying transportation settlement forms and goods delivery notes signed by the customers, we assessed whether the related revenue had been recognised in the appropriate accounting period; and<br><br>We assessed whether the disclosures of revenue in the financial statements meet the requirements of the prevailing accounting standards. |

## KEY AUDIT MATTERS (continued)

| The Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| **2. Impairment assessment on cash-generating unit** | |
| The Group's individual cash-generating unit ("**CGU**") as at 31 December 2024 mainly comprised a mining right, plant and machinery, mine infrastructure, right-of-use assets and deposits paid for acquisition of land use rights held by the wholly owned subsidiary, Xiangyang Future Bright Mining Limited ("**XYFB**"). In accordance with IFRSs, management is required to perform detailed impairment assessment on the CGU when any impairment indicator is identified, and impairment provision is required when the recoverable amount is lower than the respective carrying value. Management determined the recoverable amount of the CGU based on the fair value estimated by an independent external expert who used multi period excess earnings method, in which key assumptions included marble block price projection and discount rate.<br><br>This matter was significant to our audit because the impairment assessment process was complex and involved significant judgements and estimations. The assessment of the existence of indicators of impairment of the CGU is judgemental. In the event that indicators are identified, the assessment of recoverable amounts of the CGU is also judgemental. The estimates involved in the assessment are particularly significant due to volatility of the market price of marble block, the estimation of future production and the uncertainty in connection with future economic outlook. The changes in the economic environment in China may lead to a decrease in production, revenue and profitability of the Group.<br><br>The Group's disclosures about the impairment of the CGU are included in the section *Impairment of non-financial assets* in note 2.4, *Estimation uncertainty* in note 3, and notes 13, 14, 15 and 19 to the financial statements. | We assessed the appropriateness of valuation methodology, key assumptions and estimates used on general conditions of the marble block industry.<br><br>We evaluated the competence, capabilities, objectivity and independence of the management's experts.<br><br>We checked the data of mine reserves and resources used in the mine reserve report issued by an external qualified expert and certified by the local authority.<br><br>Regarding the marble block price projections and discount rate, we compared the key assumptions with external sources of information on the marble block industry and analysis of the specific risks relating to the relevant CGU.<br><br>Regarding the capacity and projected output suggested within the mine reserve report, we assessed the mine geologist's professional competence in preparing the report and understanding the assumptions used in the estimation of mineral reserves and resources.<br><br>We also focused on the adequacy of the Group's disclosures of impairment of the CGU in the consolidated financial statements. |

## KEY AUDIT MATTERS (continued)

| The Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| **3. Recoverability of trade receivables and other deposits and receivables** | |
| As at 31 December 2024, the gross amount of trade receivables and other deposits and receivables was amounting to RMB1,619,000 and RMB2,561,000 respectively.<br><br>Management's estimate is required in assessing the expected credit losses ("**ECLs**") in accordance with IFRS 9. ECLs for receivables are based on management's estimate of lifetime ECLs to be incurred, which are estimated by taking into account the credit loss experience, ageing of overdue receivables, debtors' repayment history and assessment of both the current and forecast macro-economic conditions, all of which involve a significant degree of management estimation.<br><br>Management has performed ECL analysis and concluded that no ECL allowances should be recorded for the trade receivables and other deposits and receivables as at 31 December 2024.<br><br>Related disclosures are included in notes 2.4, 3, 18 and 19 to the financial statements. | We examined management's assessment of the ECLs of receivables by checking the bank-in slips for the settlements received subsequent to the end of the reporting period, the correctness of receivable ageing report, the recent historical repayment patterns and the correspondence with debtors. We also assessed the methodology in the ECL model against the requirements of IFRS 9.<br><br>Furthermore, we also assessed the adequacy of disclosures in the consolidated financial statements. |

## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the 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.

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

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

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

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

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

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

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Au Yeung Tin Wah.

**Reanda HK CPA Limited**
*Certified Public Accountants*

**Au Yeung Tin Wah**
Practising Certificate Number: P02343

Hong Kong
20 March 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

| | Notes | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|---|
| **REVENUE** | 5 | **96,359** | 77,739 |
| Cost of sales | | **(93,349)** | (76,285) |
| Gross profit | | **3,010** | 1,454 |
| Other income | 5 | **604** | 191 |
| Administrative expenses | | **(16,546)** | (15,642) |
| Other operating expenses | | **(57)** | (2,729) |
| Losses on changes in fair value of financial assets at fair value through profit or loss | | **(11)** | (69) |
| Finance costs | 7 | **(6,259)** | (4,236) |
| **LOSS BEFORE TAX** | 6 | **(19,259)** | (21,031) |
| Income tax credit | 10 | **443** | 1,179 |
| **LOSS FOR THE YEAR** | | **(18,816)** | (19,852) |
| Attributable to: | | | |
| Owners of the Company | | **(18,848)** | (19,604) |
| Non-controlling interests | | **32** | (248) |
| | | **(18,816)** | (19,852) |
| **LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY** | 12 | | |
| Basic and diluted | | **RMB1.80 cents** | RMB2.23 cents |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| **LOSS FOR THE YEAR** | **(18,816)** | (19,852) |
| **OTHER COMPREHENSIVE INCOME** | | |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translation of foreign operations | **525** | 142 |
| Realisation of translation reserve upon deregistration of a subsidiary | **1** | 125 |
| Realisation of translation reserve upon strike off of a subsidiary | **2** | — |
| **OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX** | **528** | 267 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | **(18,288)** | (19,585) |
| Attributable to: | | |
| Owners of the Company | **(18,319)** | (19,336) |
| Non-controlling interests | **31** | (249) |
| | **(18,288)** | (19,585) |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 13 | 15,816 | 16,018 |
| Right-of-use assets | 14 | 5,468 | 2,879 |
| Other intangible assets | 15 | 100,255 | 100,255 |
| Total non-current assets | | 121,539 | 119,152 |
| **CURRENT ASSETS** | | | |
| Inventories | 17 | 476 | 531 |
| Trade receivables | 18 | 1,619 | — |
| Prepayments, deposits and other receivables | 19 | 14,723 | 5,041 |
| Financial assets at fair value through profit or loss | 20 | 12 | 33 |
| Cash and cash equivalents | 21 | 20,293 | 13,092 |
| Total current assets | | 37,123 | 18,697 |
| **CURRENT LIABILITIES** | | | |
| Trade payables | 22 | 503 | 492 |
| Other payables and accruals | 23 | 30,578 | 9,855 |
| Amount due to a director | 30 | — | 10 |
| Amount due to the ultimate controlling shareholder | 30 | — | 544 |
| Tax payable | | 61 | 21 |
| Lease liabilities | 14 | 2,710 | 1,860 |
| Total current liabilities | | 33,852 | 12,782 |
| **NET CURRENT ASSETS** | | 3,271 | 5,915 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 124,810 | 125,067 |
| **NON-CURRENT LIABILITIES** | | | |
| Lease liabilities | 14 | 1,502 | — |
| Long-term borrowings | 24 | 46,708 | 58,124 |
| Amount due to the ultimate controlling shareholder | 30 | — | 7,385 |
| Other payables and accruals | 23 | 3,506 | 2,596 |
| Deferred tax liabilities | 16 | — | 529 |
| Mining right payable | 25 | 24,380 | 21,636 |
| Provision for rehabilitation | 26 | 1,745 | 1,635 |
| Total non-current liabilities | | 77,841 | 91,905 |
| Net assets | | 46,969 | 33,162 |
| **EQUITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | 27 | 4,323 | 3,524 |
| Reserves | 28 | 42,646 | 29,669 |
| | | 46,969 | 33,193 |
| Non-controlling interests | | — | (31) |
| Total equity | | 46,969 | 33,162 |

**Mr. Xue Yunfei**
*Director*

**Mr. Sun Hailong**
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

| | Attributable to owners of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 (Note 27) | Share premium* RMB'000 (Note 27) | Capital reserve* RMB'000 (Note 28) | Contributed reserve* RMB'000 (Note 28) | Safety fund surplus reserve* RMB'000 (Note 28) | Statutory reserve fund* RMB'000 (Note 28) | Foreign currency translation reserve* RMB'000 | Accumulated losses* RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| At 1 January 2024 | 3,524 | 130,899 | 24,216 | 34,152 | 47 | 238 | 4,715 | (164,598) | 33,193 | (31) | 33,162 |
| (Loss)/Profit for the year | – | – | – | – | – | – | – | (18,848) | (18,848) | 32 | (18,816) |
| Other comprehensive income for the year: | | | | | | | | | | | |
| Exchange differences on translation of foreign operations | – | – | – | – | – | – | 526 | – | 526 | (1) | 525 |
| Realisation of translation reserve upon deregistration of a subsidiary | – | – | – | – | – | – | 1 | – | 1 | – | 1 |
| Realisation of translation reserve upon strike off of a subsidiary | – | – | – | – | – | – | 2 | – | 2 | – | 2 |
| Total comprehensive income for the year | – | – | – | – | – | – | 529 | (18,848) | (18,319) | 31 | (18,288) |
| Use of safety fund surplus reserve | – | – | – | – | (33) | – | – | – | (33) | – | (33) |
| Share placing (Note 27) | 799 | 31,951 | – | – | – | – | – | – | 32,750 | – | 32,750 |
| Share issue expenses (Note 27) | – | (622) | – | – | – | – | – | – | (622) | – | (622) |
| At 31 December 2024 | 4,323 | 162,228 | 24,216 | 34,152 | 14 | 238 | 5,244 | (183,446) | 46,969 | – | 46,969 |

| | Attributable to owners of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 (Note 27) | Share premium* RMB'000 (Note 27) | Capital reserve* RMB'000 (Note 28) | Contributed reserve* RMB'000 (Note 28) | Safety fund surplus reserve* RMB'000 (Note 28) | Statutory reserve fund* RMB'000 (Note 28) | Foreign currency translation reserve* RMB'000 | Accumulated losses* RMB'000 | Total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| At 1 January 2023 | 3,524 | 130,899 | 24,216 | 34,152 | 51 | 238 | 4,447 | (144,994) | 52,533 | (1,990) | 50,543 |
| Loss for the year | – | – | – | – | – | – | – | (19,604) | (19,604) | (248) | (19,852) |
| Other comprehensive income for the year: | | | | | | | | | | | |
| Exchange differences on translation of foreign operations | – | – | – | – | – | – | 143 | – | 143 | (1) | 142 |
| Realisation of translation reserve upon deregistration of a subsidiary | – | – | – | – | – | – | 125 | – | 125 | – | 125 |
| Total comprehensive income for the year | – | – | – | – | – | – | 268 | (19,604) | (19,336) | (249) | (19,585) |
| Use of safety fund surplus reserve | – | – | – | – | (4) | – | – | – | (4) | – | (4) |
| Derecognition of non-controlling interest upon deregistration of a subsidiary | – | – | – | – | – | – | – | – | – | 2,208 | 2,208 |
| At 31 December 2023 | 3,524 | 130,899 | 24,216 | 34,152 | 47 | 238 | 4,715 | (164,598) | 33,193 | (31) | 33,162 |

* These reserve accounts comprise the consolidated reserves of RMB42,646,000 as at 31 December 2024 (31 December 2023: RMB29,669,000) in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Loss before tax | | (19,259) | (21,031) |
| Adjustments for: | | | |
| Finance costs | 7 | 6,259 | 4,236 |
| Interest income | 5 | (597) | (77) |
| Unrealised fair value losses of financial assets at fair value through profit or loss | 6 | 11 | 69 |
| Loss on deregistration of a subsidiary | 6 | 1 | 2,335 |
| Loss on strike off of a subsidiary | 6 | 2 | — |
| Use of safety fund surplus reserve | | (33) | (4) |
| Depreciation of property, plant and equipment | 6, 13 | 1,433 | 600 |
| Depreciation of right-of-use assets | 6, 14 | 2,881 | 3,398 |
| Gain on disposal of property, plant and equipment | 6 | (273) | (36) |
| Written off of property, plant and equipment | 6, 13 | 6 | 2 |
| | | (9,569) | (10,508) |
| Decrease in inventories | | 55 | 4 |
| Increase in trade receivables | | (1,619) | — |
| Increase in prepayments, deposits and other receivables | | (9,632) | (1,110) |
| Increase in other payables, accruals, amounts due to the related parties and mining right payable | | 13,051 | 11,976 |
| Cash generated (used in)/from operations | | (7,714) | 362 |
| Cash payments for the interest portion of the lease liabilities | 14 | (205) | (292) |
| Income tax paid | | (46) | (961) |
| Net cash flows used in operating activities | | (7,965) | (891) |

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Interest received | 5 | 597 | 77 |
| Purchases of items of property, plant and equipment | 13 | (1,172) | (3,983) |
| Acquisition of other intangible assets | | — | (60,000) |
| Proceeds from disposal of property, plant and equipment | | 273 | — |
| Proceeds from disposal of financial assets at fair value through profit or loss | | 10 | 35 |
| Purchases of financial assets at fair value through profit or loss | | — | (34) |
| Net cash flows used in investing activities | | (292) | (63,905) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from placing of shares | 27 | 32,750 | — |
| Share placing expenses | 27 | (622) | — |
| Proceeds from borrowings | | 15,860 | 50,193 |
| Repayment of borrowings | | (27,469) | — |
| Loan interest paid | 29 | (2,298) | — |
| Principal portion of lease payments | 29 | (3,116) | (3,557) |
| Net cash flows from financing activities | | 15,105 | 46,636 |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | | 6,848 | (18,160) |
| Cash and cash equivalents at beginning of year | | 13,092 | 31,223 |
| Effect of foreign exchange rate changes, net | | 353 | 29 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | | 20,293 | 13,092 |
| **ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS** | | | |
| Cash and bank balances | 21 | 20,293 | 13,092 |
| Cash and cash equivalents as stated in the consolidated statement of financial position and consolidated statement of cash flows | | 20,293 | 13,092 |

## 1. CORPORATE AND GROUP INFORMATION

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

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

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

In the opinion of the directors, for the period from 1 January 2024 to 22 January 2024, the holding company of the Company was Zhong Ke Jiu Tai Technology Group Limited, a private company incorporated in Hong Kong, and the ultimate controlling shareholder of the Company was Mr. Li Yuguo. On 23 January 2024, Zhong Ke Jiu Tai Technology Group Limited and Mr. Li Yuguo ceased to be the holding company and the ultimate controlling shareholder of the Company respectively. There is no controlling shareholder of the Company subsequently and up to the date of this report.

**Information about subsidiaries**

Particulars of the Company's subsidiaries are as follows:

| Name | Place of incorporation/ registration and business | Issued ordinary/ registered share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| Gold Title Investments Limited | British Virgin Islands | USD50,000 | 100 | — | Investment holding |
| World Harvest Group Limited | British Virgin Islands | USD1 | 100 | — | Investment holding |
| Future Bright (H.K.) Investment Limited | Hong Kong | HKD10,000 | — | 100 | Commodity trading |
| Main Pacific Investment Limited | Hong Kong | HKD1 | — | 100 | Investment holding |
| Xiangyang Future Bright Mining Limited* | PRC/Mainland China | RMB20,000,000 | — | 100 | Mining, ore processing and sale of marble products |
| Main Pacific (Shenzhen) Technology Limited* | PRC/Mainland China | RMB1,000,000 | — | 100 | New energy technology and mineral products technology development, technology transfer, service and consulting |
| Inner Mongolia Main Pacific Energy Company Limited** | PRC/Mainland China | RMB10,000,000 | — | 100 | Sales of coals and coals products |

## 1. CORPORATE AND GROUP INFORMATION (continued)

**Information about subsidiaries (continued)**

* Registered as a wholly-foreign-owned enterprise under PRC law.

** Limited liability company wholly owned by a PRC subsidiary under PRC law.

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") (which include all applicable individual International Financial Reporting standards, International Accounting Standards and Interpretations ("**IASs**")) approved by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Companies Ordinance.

They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has applied its accounting polices consistently throughout the financial periods ended 31 December 2023 and 2024.

**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 2024.

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 (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

## 2.1 BASIS OF PREPARATION (continued)

**Basis of consolidation (continued)**

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 Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied the following amendments to IFRSs for the first time for their annual reporting period commencing 1 January 2024:

| | |
|---|---|
| Amendments to IAS 1 | *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants* |
| Amendments to IFRS 16 | *Lease Liability in a Sale and Leaseback* |
| Amendments to IAS 7 and IFRS 7 | *Supplier Finance Arrangements* |

None of the amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

## 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective for the financial year ended 31 December 2024:

| | |
|---|---|
| Amendments to IFRS 10 and IAS 28 (2011) | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4] |
| Amendments to IAS 21 | *Lack of Exchangeability*[1] |
| Amendments to IFRS 9 and IFRS 7 | *Classification and Measurement of Financial Instruments*[2] |
| Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 | *Annual Improvements to IFRS Accounting Standards Volume 11*[2] |
| IFRS 18 | *Presentation and Disclosure in Financial Statements*[3] |
| IFRS 19 | *Subsidiaries without Public Accountability: Disclosures*[3] |

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

IFRS 18 will replace IAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated statements of profit or loss and providing management-defined performance measures within the financial statements.

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. The Group expects to apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

Except for the abovementioned changes in presentation and disclosure, these developments are not expected to have a significant impact on the results on the consolidated financial statements.

## 2.4 SUMMARY OF MATERIAL 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.

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

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

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

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

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

## 2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

**Business combinations and goodwill (continued)**

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.

**Current versus non-current classification**

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## 2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

**Fair value measurement**

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

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

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

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

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

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

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

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

## 2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

**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.

**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

## 2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

**Related parties (continued)**

(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.

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

| | |
|---|---|
| Buildings and improvements | 9.70% to 33.00% |
| Plant and machinery | 9.70% to 19.40% |
| Motor vehicles | 24.25% to 33.00% |
| Office equipment | 19.40% to 33.00% |

## 2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

**Property, plant and equipment and depreciation (continued)**

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.

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

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

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

**Intangible assets (other than goodwill)**

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

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

*Mining right*

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

## 2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

**Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

| | |
|---|---|
| Leasehold forest | 55 to 70 years |
| Office premises | 1 to 2 years |

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

## 2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

**Leases (continued)**

*Group as a lessee (continued)*

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment and office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

**Investments and other financial assets**

*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured 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 marketplace.

## 2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

**Investments and other financial assets (continued)**

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification is as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

**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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## 2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

*General approach*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

*Simplified approach*

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## 2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

**Financial liabilities**

*Initial recognition and measurement*

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

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

The Group's financial liabilities include trade payables, other payables and accruals, mining right payable, lease liabilities, borrowings, amount due to a director and amount due to the ultimate controlling shareholder.

*Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

*Financial liabilities at amortised cost (loans and borrowings)*

After initial recognition, interest-bearing loans and borrowings 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 the statement of 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 financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**Inventories**

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

## 2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

**Cash and cash equivalents**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, which are not restricted as to use.

**Borrowings**

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings costs are recognised in profit or loss in the period in which they are incurred.

**Provisions**

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

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

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

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

## 2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

**Income tax**

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

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

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

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when 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, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

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

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

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

## 2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

### Income tax (continued)

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

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

### Revenue recognition

*Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

*Sale of goods*

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

### Other Income

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

## 2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

**Contract liabilities**

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

**Other employee benefits**

*Pension scheme*

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

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

*Housing fund*

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

**Dividends**

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

## 2.4 SUMMARY OF MATERIAL 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).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

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.

**Judgement**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

*Judgement in determining the useful life of a mining right*

On 12 July 2023, the Group has successfully renewed the mining permit, pursuant to which the term of the mining right is renewed for a period of 20 years, from 12 July 2023 to 12 July 2043. The renewed mining permit covers a mining area of 0.3973 $km^2$ and an annual production capacity of 540,000 tonnes (equivalent to approximately 200,000 $m^3$, as compared to the permitted annual production capacity of 20,000 $m^3$ under the original mining permit).

Considered the term and the production capacity of the renewed mining permit, the Group is unable to fully excavate the mine reserve within the term of the renewed mining right. Due to the significance of this assets to its operation, the Group includes another renewal period as part of the useful life in the mining right.

**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:

*Provision for expected credit losses on trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the stone processing sector or the property refurbishment sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 18 to the financial statements.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

**Estimation uncertainty (continued)**

*Provision for expected credit loss on financial assets other than trade receivables*

As described in section impairment of financial assets in note 2.4, the Group's management determines the loss allowance for expected credit losses on all debt instruments not held at fair value through profit or loss based on an assessment of the present value of all expected cash shortfalls. These estimates are based on the information about past events, current conditions and forecasts of future economic conditions, all of which involve a significant degree of management judgement. The Group's management reassesses the loss allowance at each reporting period end. If the current conditions of the debtors or the future economic conditions were to deteriorate, actual loss allowance would be higher than estimated.

*Leases — Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

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

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets 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. No impairment has been provided during the year.

*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.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

**Estimation uncertainty (continued)**

*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 2024 was RMB15,816,000 (2023: RMB16,018,000).

*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 amount of deferred tax relating to recognised tax losses at 31 December 2024 was RMB5,458,000 (2023: RMB5,053,000).The amount of unrecognised tax losses at 31 December 2024 was RMB19,556,000 (2023: RMB18,128,000). Further details are contained in note 16 to the financial statements.

*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 2024 was RMB1,745,000 (2023: RMB1,635,000).

## 4. OPERATING SEGMENT INFORMATION

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

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

(b) the commodity trading segment conducts trading business of commodities.

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

Segment assets exclude cash and cash equivalents, equity investments at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

## 4. OPERATING SEGMENT INFORMATION (continued)

| Year ended 31 December 2024 | Marble block RMB'000 | Commodity trading RMB'000 | Total RMB'000 |
|---|---|---|---|
| **Segment revenue (note 5)** | | | |
| Sales to external customers | 475 | 95,884 | 96,359 |
| Revenue | | | 96,359 |
| **Segment results** | (2,412) | 1,561 | (851) |
| *Reconciliation:* | | | |
| Interest income | | | 597 |
| Finance costs (other than interest on lease liabilities) | | | (6,054) |
| Corporate and other unallocated expenses | | | (12,951) |
| Loss before tax | | | (19,259) |
| **Segment assets** | 127,299 | 22,928 | 150,227 |
| *Reconciliation:* | | | |
| Elimination of intersegment receivables | | | (18,036) |
| Corporate and other unallocated assets | | | 26,471 |
| Total assets | | | 158,662 |
| **Segment liabilities** | 108,575 | 745 | 109,320 |
| *Reconciliation:* | | | |
| Elimination of intersegment payables | | | (18,036) |
| Corporate and other unallocated liabilities | | | 20,409 |
| Total liabilities | | | 111,693 |

| Year ended 31 December 2024 | Marble block RMB'000 | Commodity trading RMB'000 | Unallocated RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **Other segment information:** | | | | |
| Depreciation | 137 | 54 | 4,123 | 4,314 |
| Capital expenditure* | 1,139 | — | 33 | 1,172 |

* Capital expenditure consists of additions to property, plant and equipment.

## 4. OPERATING SEGMENT INFORMATION (continued)

| Year ended 31 December 2023 | Marble block RMB'000 | Commodity trading RMB'000 | Total RMB'000 |
|---|---|---|---|
| **Segment revenue (note 5)** | | | |
| Sales to external customers | — | 77,739 | 77,739 |
| Revenue | | | 77,739 |
| **Segment results** | (2,159) | 577 | (1,582) |
| *Reconciliation:* | | | |
| Interest income | | | 77 |
| Finance costs (other than interest on lease liabilities) | | | (3,944) |
| Corporate and other unallocated expenses | | | (15,582) |
| Loss before tax | | | (21,031) |
| **Segment assets** | 114,342 | 22,820 | 137,162 |
| *Reconciliation:* | | | |
| Elimination of intersegment receivables | | | (17,986) |
| Corporate and other unallocated assets | | | 18,673 |
| Total assets | | | 137,849 |
| **Segment liabilities** | 87,641 | 4,417 | 92,058 |
| *Reconciliation:* | | | |
| Elimination of intersegment payables | | | (17,986) |
| Corporate and other unallocated liabilities | | | 30,615 |
| Total liabilities | | | 104,687 |

| Year ended 31 December 2023 | Marble block RMB'000 | Commodity trading RMB'000 | Unallocated RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **Other segment information:** | | | | |
| Depreciation | 155 | 57 | 3,786 | 3,998 |
| Capital expenditure* | 80,382 | — | 3,983 | 84,365 |

* Capital expenditure consists of additions to property, plant and equipment and other intangible assets.

## 4. OPERATING SEGMENT INFORMATION (continued)

**Geographical information**

*(a) Revenue from external customers*

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Mainland China | 96,359 | 77,739 |

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

*(b) Non-current assets*

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Hong Kong | 6,687 | 5,410 |
| Mainland China | 114,852 | 113,742 |
| | 121,539 | 119,152 |

The non-current assets information above is based on the locations of the assets.

**Information about major customers**

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

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Customer A | 50,990 | 42,878 |
| Customer B | 21,929 | 12,786 |
| Customer C | — | 11,526 |
| Customer D | 14,303 | 4,133 |

## 5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| *Revenue from contracts with customers* | | |
| Sale of goods | 96,359 | 77,739 |

**Revenue from contracts with customers**

*(i) Disaggregated revenue information*

**For the year ended 31 December 2024**

| **Segments** | **Marble block RMB'000** | **Commodity trading RMB'000** | **Total RMB'000** |
|---|---|---|---|
| **Type of goods** | | | |
| Sale of abandoned stones | 475 | — | 475 |
| Sale of coals | — | 95,884 | 95,884 |
| | 475 | 95,884 | 96,359 |
| **Geographical markets** | | | |
| Mainland China | 475 | 95,884 | 96,359 |
| **Timing of revenue recognition** | | | |
| Goods transferred at a point in time | 475 | 95,884 | 96,359 |

**For the year ended 31 December 2023**

| **Segments** | Marble block RMB'000 | Commodity trading RMB'000 | Total RMB'000 |
|---|---|---|---|
| **Type of goods** | | | |
| Sale of coals | — | 77,739 | 77,739 |
| **Geographical markets** | | | |
| Mainland China | — | 77,739 | 77,739 |
| **Timing of revenue recognition** | | | |
| Goods transferred at a point in time | — | 77,739 | 77,739 |

## 5. REVENUE AND OTHER INCOME (continued)

**Revenue from contracts with customers (continued)**

*(i) Disaggregated revenue information (continued)*

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

**For the year ended 31 December 2024**

| Segments | Marble block RMB'000 | Commodity trading RMB'000 | Total RMB'000 |
|---|---|---|---|
| **Revenue from contracts with customers** | | | |
| External customers | 475 | 95,884 | 96,359 |
| Total revenue from contracts with customers | 475 | 95,884 | 96,359 |

**For the year ended 31 December 2023**

| Segments | Marble block RMB'000 | Commodity trading RMB'000 | Total RMB'000 |
|---|---|---|---|
| **Revenue from contracts with customers** | | | |
| External customers | — | 77,739 | 77,739 |
| Total revenue from contracts with customers | — | 77,739 | 77,739 |

There was no revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods.

*(ii) Performance obligations*

Information about the Group's performance obligations is summarised below:

Sale of marble blocks and abandoned stones

The performance obligation is satisfied upon delivery of the marble blocks and abandoned stones, the customers obtained control of goods transferred and payment is generally due within 30 to 240 days from delivery, except for new customers, where payment in advance is normally required.

Sale of coals

The performance obligation is satisfied upon delivery of the coals, the customers obtained control of goods transferred and payment is generally received in advance for all customers.

There were no transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024.

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| **Other income** | | |
| Bank interest income | 597 | 77 |
| Others | 7 | 114 |
| | 604 | 191 |

## 6. LOSS BEFORE TAX

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

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Cost of inventories sold | 93,349 | 76,285 |
| Staff costs (including directors' remuneration (note 8)): | | |
| Wages and salaries | 7,191 | 5,250 |
| Pension scheme contributions | 476 | 434 |
| | 7,667 | 5,684 |
| Auditor's remuneration | | |
| — Audit services | 687 | 961 |
| — Non-audit services | — | 363 |
| Depreciation of property, plant and equipment (note 13) | 1,433 | 600 |
| Depreciation of right-of-use assets (note 14) | 2,881 | 3,398 |
| Foreign exchange differences, net | 285 | 363 |
| Losses on changes in fair value of financial assets at fair value through profit or loss: | | |
| — Unrealised fair value losses of financial assets at fair value through profit or loss | 11 | 69 |
| Gain on disposal of property, plant and equipment | (273) | (36) |
| Loss on deregistration of a subsidiary | 1 | 2,335 |
| Loss on strike off of a subsidiary | 2 | — |
| Lease payments not included in the measurement of lease liabilities (note 14) | 7 | 17 |
| Written off of property, plant and equipment (note 13) | 6 | 2 |

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Interest on discounted provision for rehabilitation (note 26) | 110 | 100 |
| Interest on lease liabilities (note 14) | 205 | 292 |
| Interest on borrowings | 3,200 | 2,590 |
| Interest on mining right payable | 2,744 | 1,254 |
| | 6,259 | 4,236 |

## 8. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION

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

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Fees | 386 | 396 |
| Other emoluments: | | |
| Salaries, allowances and benefits in kind | 2,657 | 1,455 |
| Pension scheme contributions | 69 | 24 |
| | 3,112 | 1,875 |

### (a) Independent non-executive directors

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

| | Notes | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|---|
| Prof. Lau Chi Pang J.P. | | 110 | 108 |
| Ms. Liu Shuyan | a | — | 52 |
| Mr. Wang Xiaolong | | 110 | 108 |
| Ms. Wong Wan Lung | b | 110 | 20 |
| Mr. Zhang Yijun | c | 56 | 108 |
| | | 386 | 396 |

There were no emoluments payable to the independent non-executive directors during the year (2023: Nil).

## 8. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION (continued)

### (b) Executive directors, non-executive directors and chief executives

| | Notes | Salaries, allowances and benefits in kind RMB'000 | Pension scheme contributions RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **2024** | | | | |
| Executive directors: | | | | |
| Ms. Bao Rongrong | d | 82 | — | 82 |
| Mr. Li Yuguo | e | 44 | — | 44 |
| Mr. Lyu Bin | f | 129 | — | 129 |
| Mr. Sun Hailong | g | 262 | 37 | 299 |
| Mr. Xue Yunfei | h | 313 | — | 313 |
| Mr. Yang Jiantong | | 330 | 10 | 340 |
| Mr. Yang Xiaoqiang | i | 27 | — | 27 |
| Mr. Zhou Dechuan | j | 110 | — | 110 |
| | | 1,297 | 47 | 1,344 |
| Non-executive directors: | | | | |
| Mr. Chen Jin | k | 162 | — | 162 |
| Ms. Zhu Min | l | 130 | 6 | 136 |
| | | 292 | 6 | 298 |
| Chief executive: | | | | |
| Mr. Xue Yunfei | h | 1,068 | 16 | 1,084 |
| | | 2,657 | 69 | 2,726 |

## 8. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION (continued)

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

| | Notes | Salaries, allowances and benefits in kind RMB'000 | Pension scheme contributions RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **2023** | | | | |
| Executive directors: | | | | |
| Ms. Bao Rongrong | d | 81 | — | 81 |
| Mr. Li Yuguo | e | 108 | — | 108 |
| Mr. Liu Yan Chee James | m | 81 | 4 | 85 |
| Mr. Lyu Bin | f | 323 | — | 323 |
| Ms. Wang Ruoxi | n | 81 | 4 | 85 |
| Mr. Yang Jiantong | | 323 | — | 323 |
| Mr. Yang Xiaoqiang | i | 108 | — | 108 |
| | | 1,105 | 8 | 1,113 |
| Chief executive: | | | | |
| Mr. Bao Xuefeng | o | 350 | 16 | 366 |
| | | 1,455 | 24 | 1,479 |

Notes:

(a) Ms. Liu Shuyan was retired as an independent non-executive director with effect from 27 June 2023.

(b) Ms. Wong Wan Lung was appointed as an independent non-executive director with effect from 25 October 2023.

(c) Mr. Zhang Yijun resigned as an independent non-executive director with effect from 5 July 2024.

(d) Ms. Bao Rongrong was appointed as an executive director with effect from 1 October 2023 and resigned with effect from 1 April 2024.

(e) Mr. Li Yuguo was resigned as an executive director with effect from 23 May 2024.

(f) Mr. Lyu Bin was resigned as an executive director with effect from 23 May 2024.

(g) Mr. Sun Hailong was appointed as an executive director with effect from 1 April 2024.

(h) Mr. Xue Yunfei was appointed as the chief executive officer and executive director with effect from 26 January 2024 and 1 April 2024 respectively.

(i) Mr. Yang Xiaoqiang was resigned as an executive director with effect from 1 April 2024.

(j) Mr. Zhou Dechuan was appointed as an executive director with effect from 1 September 2024.

(k) Mr. Chen Jin was appointed as a non-executive director with effect from 5 July 2024.

## 8. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION (continued)

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

Notes: (continued)

(l) Ms. Zhu Min was appointed as a non-executive director with effect from 10 August 2024.

(m) Mr. Liu Yan Chee James was resigned as an executive director with effect from 1 October 2023.

(n) Ms. Wang Ruoxi was resigned as an executive director with effect from 1 April 2023.

(o) Mr. Bao Xuefeng was resigned as the chief executive officer with effect from 1 January 2024.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors and one chief executive (2023: two directors and one chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2023: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Salaries, allowances and benefits in kind | 1,349 | 1,296 |
| Pension scheme contributions | 33 | 32 |
| | 1,382 | 1,328 |

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

| | Number of employees | |
|---|---|---|
| | 2024 | 2023 |
| Nil to HKD1,000,000 | 1 | 1 |
| HKD1,000,001 to HKD1,500,000 | 1 | 1 |
| | 2 | 2 |

During the year ended 31 December 2024, none of them was paid by the Group to one of the five highest paid individuals as termination benefits (2023: Nil).

## 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 Hong Kong profits tax is provided as there is no estimated assessable profit for the year (2023: Nil).

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. The Group's subsidiaries located in Mainland China were generally subject to the PRC CIT at the rate of 25% (2023: 25%) except for subsidiaries which are eligible as Small Low-profit Enterprise* (小型微利企業). From 1 January 2023, a Small Low-profit Enterprise is subject to CIT calculated at 25% (2023: 25%) of its taxable profit at a tax rate of 20%. During the year ended 31 December 2024, 1 subsidiary (2023: Nil) is subject to the relevant preferential tax treatments.

| | **2024<br>RMB'000** | 2023<br>RMB'000 |
|---|---|---|
| Current — Mainland China | | |
| Charge for the year | **86** | 21 |
| Deferred | | |
| Credit for the year (note 16) | **(529)** | (1,200) |
| Total tax credit for the year | **(443)** | (1,179) |

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

| | **2024<br>RMB'000** | 2023<br>RMB'000 |
|---|---|---|
| Loss before tax | **(19,259)** | (21,031) |
| Tax at the PRC tax rate of 25% (2023: 25%) | **(4,815)** | (5,258) |
| Tax effect of different taxation rates in other tax jurisdictions | **1,119** | 1,223 |
| Expenses not deductible for tax | **2,403** | 2,875 |
| Income not subject to tax | **(9)** | — |
| Tax reduction | **(344)** | (152) |
| Tax losses not recognised | **259** | 143 |
| Temporary differences recognised from previous year | **935** | (9) |
| Tax effect of temporary differences not recognised | **9** | (1) |
| Income tax credit at the Group's effective rate | **(443)** | (1,179) |

* For identification purposes only

## 11. DIVIDENDS

The board of directors does not recommend the payment of dividends to the ordinary equity holders of the Company for the year ended 31 December 2024 (2023: Nil).

## 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 Company, and the weighted average number of ordinary shares of 1,044,625,928 (2023: 877,716,000) in issue during the year.

The basic and diluted loss per share are the same as there is no potentially dilutive ordinary shares in issue for the year (2023: Nil).

The calculation of basic loss per share is based on:

| | **2024**<br>**RMB'000** | 2023<br>RMB'000 |
|---|---|---|
| **Loss** | | |
| Loss attributable to ordinary equity holders of the Company used in the basic loss per share calculation | **(18,848)** | (19,604) |

| | **Number of shares** | |
|---|---|---|
| | **2024** | 2023 |
| **Shares** | | |
| Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation | **1,044,625,928** | 877,716,000 |

## 13. PROPERTY, PLANT AND EQUIPMENT

| | Buildings and improvements RMB'000 | Plant and machinery RMB'000 | Office equipment RMB'000 | Motor vehicles RMB'000 | Mine infrastructure RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|
| **31 December 2024** | | | | | | | |
| At 31 December 2023 and at 1 January 2024 | | | | | | | |
| Cost or fair value | 4,377 | 3,247 | 411 | 2,225 | 20,113 | – | 30,373 |
| Accumulated depreciation and impairment | (917) | (3,224) | (202) | (2,012) | (8,000) | – | (14,355) |
| Net carrying amount | 3,460 | 23 | 209 | 213 | 12,113 | – | 16,018 |
| At 1 January 2024, net of accumulated depreciation and impairment | 3,460 | 23 | 209 | 213 | 12,113 | – | 16,018 |
| Additions | – | – | 33 | – | – | 1,139 | 1,172 |
| Written off | (6) | – | – | – | – | – | (6) |
| Depreciation provided during the year | (1,273) | (6) | (83) | (71) | – | – | (1,433) |
| Exchange realignment | 61 | – | 4 | – | – | – | 65 |
| At 31 December 2024, net of accumulated depreciation and impairment | 2,242 | 17 | 163 | 142 | 12,113 | 1,139 | 15,816 |
| At 31 December 2024: | | | | | | | |
| Cost or fair value | 4,445 | 3,247 | 450 | 1,557 | 20,113 | 1,139 | 30,951 |
| Accumulated depreciation and impairment | (2,203) | (3,230) | (287) | (1,415) | (8,000) | – | (15,135) |
| Net carrying amount | 2,242 | 17 | 163 | 142 | 12,113 | 1,139 | 15,816 |

## 13. PROPERTY, PLANT AND EQUIPMENT (continued)

| | Buildings and improvements RMB'000 | Plant and machinery RMB'000 | Office equipment RMB'000 | Motor vehicles RMB'000 | Mine infrastructure RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| **31 December 2023** | | | | | | |
| At 31 December 2022 and at 1 January 2023 | | | | | | |
| Cost or fair value | 573 | 3,247 | 756 | 2,810 | 20,113 | 27,499 |
| Accumulated depreciation and impairment | (550) | (3,218) | (708) | (2,419) | (8,000) | (14,895) |
| Net carrying amount | 23 | 29 | 48 | 391 | 12,113 | 12,604 |
| At 1 January 2023, net of accumulated depreciation and impairment | 23 | 29 | 48 | 391 | 12,113 | 12,604 |
| Additions | 3,777 | — | 206 | — | — | 3,983 |
| Written off | (1) | — | (1) | — | — | (2) |
| Depreciation provided during the year | (370) | (6) | (46) | (178) | — | (600) |
| Exchange realignment | 31 | — | 2 | — | — | 33 |
| At 31 December 2023, net of accumulated depreciation and impairment | 3,460 | 23 | 209 | 213 | 12,113 | 16,018 |
| At 31 December 2023: | | | | | | |
| Cost or fair value | 4,377 | 3,247 | 411 | 2,225 | 20,113 | 30,373 |
| Accumulated depreciation and impairment | (917) | (3,224) | (202) | (2,012) | (8,000) | (14,355) |
| Net carrying amount | 3,460 | 23 | 209 | 213 | 12,113 | 16,018 |

As at 31 December 2024, the directors of the Company performed impairment assessment on the cash-generating unit ("**CGU**") of the marble block segment, which contains property, plant and equipment, right-of-use assets, other intangible assets, and deposits paid for acquisition of land use rights of XYFB. The impairment loss will be allocated to reduce the carrying value of the assets of within the CGU pro rata on the basis of carrying amount of each asset in the unit.

## 13. PROPERTY, PLANT AND EQUIPMENT (continued)

**Marble block CGU**

The recoverable amount of the marble block CGU was determined based on multi period excess earnings method which uses sum of discounted present value of the projected annual excess earnings. As at 31 December 2024, the recoverable amount of the marble block CGU is referenced to valuation report issued by AP Appraisal Limited, an independent qualified valuer. This valuation uses cash flow projections based on financial estimates covering a 47-year period.

The key assumptions and discount rate used in the annual excess earnings calculation are as follows:

| | 2024 | 2023 |
|---|---|---|
| Sales volume growth rate | 1%-448% | 1%-216% |
| Average unit price growth rate | 0%-5% | 1%-3% |
| Pre-tax discount rate | 11% | 12% |

The sales volume and average unit price growth rate are based on the management's past experience and expectations on future changes in market.

The pre-tax discount rate are used that reflect current market assessments of the time value of money and the risk specific to the marble block CGU.

In the opinion of the Company's directors, the carrying amount of the marble block CGU had not exceeded its recoverable amount and any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the marble block CGU's carrying amount to exceed its recoverable amount.

As at 31 December 2024, no impairment loss (2023: Nil) was provided for the property, plant and equipment associated with the marble block CGU.

## 14. LEASES

**The Group as a lessee**

The Group has lease contracts for office premises with lease periods of 1 to 2 years. Lump sum payments were made upfront to acquire the leased forest land from the owners with lease periods of 55 to 70 years, and no ongoing payments will be made under the terms of these forest land leases. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

## 14. LEASES (continued)

**The Group as a lessee (continued)**

*(a) Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

| | Forest lease payments RMB'000 | Office premises RMB'000 | Total RMB'000 |
|---|---|---|---|
| As at 1 January 2024 | **1,026** | **1,853** | **2,879** |
| Additions | **—** | **5,404** | **5,404** |
| Depreciation provided | **(19)** | **(2,862)** | **(2,881)** |
| Exchange realignment | **—** | **66** | **66** |
| As at 31 December 2024 | **1,007** | **4,461** | **5,468** |

| | Forest lease payments RMB'000 | Office premises RMB'000 | Total RMB'000 |
|---|---|---|---|
| As at 1 January 2023 | 1,045 | 4,844 | 5,889 |
| Adjustment for lease modification | — | 347 | 347 |
| Depreciation provided | (19) | (3,379) | (3,398) |
| Exchange realignment | — | 41 | 41 |
| As at 31 December 2023 | 1,026 | 1,853 | 2,879 |

As at 31 December 2024, the directors of the Company performed impairment assessment on the right-of-use assets of the marble block segment. In the opinion of the Company's directors, no impairment loss (2023: Nil) should be provided. Please refer to note 13 for major underlying assumptions.

## 14. LEASES (continued)

**The Group as a lessee (continued)**

*(b) Lease liabilities*

The carrying amount of lease liabilities and the movements during the year are as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Carrying amount at 1 January | 1,860 | 5,027 |
| New leases | 5,404 | — |
| Adjustment for lease modification | — | 347 |
| Accretion of interest recognised during the year | 205 | 292 |
| Payment | (3,321) | (3,849) |
| Exchange realignment | 64 | 43 |
| Carrying amount at 31 December | 4,212 | 1,860 |
| Analysed into: | | |
| Current portion | 2,710 | 1,860 |
| Non-current portion | 1,502 | — |
| | 4,212 | 1,860 |

The maturity analysis of lease liabilities is disclosed in note 33 to the financial statements.

*(c) The amounts recognised in profit or loss in relation to leases are as follows:*

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Interest on lease liabilities (note 7) | 205 | 292 |
| Depreciation charge of right-of-use assets | 2,881 | 3,398 |
| Expenses relating to short-term leases (included in administrative expenses) | 7 | 17 |
| Total amount recognised in profit or loss | 3,093 | 3,707 |

## 15. OTHER INTANGIBLE ASSETS

| | Mining right | |
|---|---|---|
| | **2024** | 2023 |
| | **RMB'000** | RMB'000 |
| Cost at 1 January, net of accumulated amortisation | **100,255** | 19,873 |
| Additions | **—** | 80,382 |
| Amortisation provided during the year | **—** | — |
| At 31 December | **100,255** | 100,255 |
| At 31 December: | | |
| Cost | **122,982** | 122,982 |
| Accumulated amortisation and impairment | **(22,727)** | (22,727) |
| Net carrying amount | **100,255** | 100,255 |

The mining right represents the right for the mining of marble reserves at the Yiduoyan mine which is located in Nanzhang County, Hubei Province, the PRC. The mine is operated by XYFB, an indirect wholly-owned subsidiary of the Company. On 12 July 2023, the Group has successfully renewed the mining permit of the Yiduoyan Project, pursuant to which the term of the mining right is renewed for a period of 20 years, from 12 July 2023 to 12 July 2043. The renewed mining permit covers a mining area of 0.3973 $km^2$ and an annual production capacity of 540,000 tonnes (equivalent to approximately 200,000 $m^3$).

As at 31 December 2024, the directors of the Company performed impairment assessment on the other intangible assets of the marble block segment. In the opinion of the Company's directors, no impairment loss (2023: Nil) should be provided. Please refer to note 13 for major underlying assumptions.

## 16. DEFERRED TAX

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

**Deferred tax liabilities**

| | 2024 | | | | |
|---|---|---|---|---|---|
| | Depreciation difference of property, plant and equipment between IFRSs and PRC tax regulations RMB'000 | Mining right RMB'000 | Right-of-use assets RMB'000 | Prepayments and deposits RMB'000 | Total RMB'000 |
| At 31 December 2023 and 1 January 2024 | 2,191 | 10,064 | 275 | 44 | 12,574 |
| Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10) | (2,191) | – | 16 | 2,901 | 726 |
| Gross deferred tax liabilities at 31 December 2024 | – | 10,064 | 291 | 2,945 | 13,300 |

**Deferred tax assets**

| | 2024 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Depreciation difference of property, plant and equipment between IFRSs and PRC tax regulations RMB'000 | Lease liabilities RMB'000 | Loss available for offsetting against future taxable profits RMB'000 | Contract liabilities RMB'000 | Inventories RMB'000 | Other assets RMB'000 | Accruals RMB'000 | Other payables RMB'000 | Mining right payable RMB'000 | Total RMB'000 |
| At 31 December 2023 and 1 January 2024 | – | 22 | 5,053 | – | 352 | 546 | 190 | 473 | 5,409 | 12,045 |
| Deferred tax (charged)/credited to the statement of profit or loss during the year (note 10) | 617 | (2) | 405 | 34 | – | 81 | (179) | (387) | 686 | 1,255 |
| Gross deferred tax assets at 31 December 2024 | 617 | 20 | 5,458 | 34 | 352 | 627 | 11 | 86 | 6,095 | 13,300 |

## 16. DEFERRED TAX (continued)

**Deferred tax liabilities**

| | 2023 | | | | |
|---|---|---|---|---|---|
| | Depreciation difference of property, plant and equipment between IFRSs and PRC tax regulations RMB'000 | Mining right RMB'000 | Right-of-use assets RMB'000 | Prepayments and deposits RMB'000 | Total RMB'000 |
| At 31 December 2022 and 1 January 2023 | 2,142 | 4,968 | 301 | 44 | 7,455 |
| Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10) | 49 | 5,096 | (26) | — | 5,119 |
| Gross deferred tax liabilities at 31 December 2023 | 2,191 | 10,064 | 275 | 44 | 12,574 |

**Deferred tax assets**

| | 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Lease liabilities RMB'000 | Loss available for offsetting against future taxable profits RMB'000 | Inventories RMB'000 | Other assets RMB'000 | Accruals RMB'000 | Other payables RMB'000 | Mining right payable RMB'000 | Total RMB'000 |
| At 31 December 2022 and 1 January 2023 | 21 | 4,697 | 352 | 457 | 199 | – | – | 5,726 |
| Deferred tax (charged)/credited to the statement of profit or loss during the year (note 10) | 1 | 356 | – | 89 | (9) | 473 | 5,409 | 6,319 |
| Gross deferred tax assets at 31 December 2023 | 22 | 5,053 | 352 | 546 | 190 | 473 | 5,409 | 12,045 |

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

## 16. DEFERRED TAX (continued)

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

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Net deferred tax assets recognised in the consolidated statement of financial position | – | – |
| Net deferred tax liabilities recognised in the consolidated statement of financial position | – | 529 |
| | – | 529 |

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

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Tax losses | 19,556 | 18,128 |

Deferred tax assets have not been recognised in respect of tax losses amounting to RMB19,556,000 and RMB18,128,000 as at 31 December 2024 and 31 December 2023, respectively. The tax losses amounting to RMB1,041,000 as at 31 December 2024 (2023: RMB10,000) will expire within the next 5 years for offsetting against future taxable profits. The tax losses of RMB18,515,000 as at 31 December 2024 (2023: RMB18,118,000) are available indefinitely for offsetting against future taxable profits in Hong Kong. Deferred tax assets have not been fully recognised as it is not considered probable that taxable profits will be available against which the above tax losses can be fully utilised.

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

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

Pursuant to the resolution of the board of directors of the Company, the profits generated from the PRC subsidiaries since 1 January 2008 onwards will be retained by the PRC subsidiaries for use in future operations or investments in Mainland China. In the opinion of the directors, it is not probable that the PRC subsidiaries will distribute such earnings in the foreseeable future. There were no temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised (2023: Nil).

## 17. INVENTORIES

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Finished goods | 421 | 421 |
| Materials and supplies | 55 | 110 |
| | 476 | 531 |

## 18. TRADE RECEIVABLES

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Trade receivables | 1,619 | — |
| Impairment | — | — |
| | 1,619 | — |

For sale of marble blocks, the Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to eight months for major customers.

For sale of coals, payment in advance is generally required for all customers.

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.

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

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Within 30 days | 1,619 | — |

## 18. TRADE RECEIVABLES (continued)

The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables. The ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Neither past due nor impaired | — | — |
| Less than 30 days past due | 1,619 | — |
| | 1,619 | — |

The trade receivables are subsequently received. Therefore, no impairment losses have been provided and no provision matrix is presented thereon.

## 19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | Notes | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|---|
| Prepayments | | 725 | 578 |
| Deposits paid for acquisition of land use rights | (i) | 11,437 | — |
| Other deposits and receivables | (ii) | 2,561 | 4,463 |
| | | 14,723 | 5,041 |

Notes:

(i) As at 31 December 2024, deposits paid of RMB11,437,000 were related to the acquisition of land use rights in Nanzhang County. The acquisition is expected to be completed in 2025.

As at 31 December 2024, management performed impairment assessment on the deposits paid. In the opinion of the management, no impairment loss should be provided. Please refer to note 13 for major underlying assumptions.

(ii) Other deposits and receivables mainly represent rental deposits, deposit paid to a supplier and other tax recoverables.

## 20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Listed equity investments, at fair value | 12 | 23 |
| Other investments, at fair value | — | 10 |
| | 12 | 33 |

The above equity investments and other investments were classified as financial assets at fair value through profit or loss as they were held for trading.

## 21. CASH AND CASH EQUIVALENTS

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Cash and bank balances | 20,293 | 13,092 |

At the end of the reporting period, the cash and bank balances of the Group denominated in HKD amounted to RMB10,913,000 (2023: RMB2,646,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

## 22. TRADE PAYABLES

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

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Over 3 months | 503 | 492 |

The trade payables are interest-free and normally settled within 60 days.

## 23. OTHER PAYABLES AND ACCRUALS

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **Non-current** | | | |
| Loan interest payables | (a) | **3,506** | 2,596 |
| **Current** | | | |
| Payroll accruals | | **235** | 441 |
| Other payables | (b) | **691** | 487 |
| Accruals | | **957** | 2,265 |
| Contract liabilities | (c) | **28,695** | 6,662 |
| | | **30,578** | 9,855 |
| Total other payables and accruals | | **34,084** | 12,451 |

Notes:

(a) Loan interest payables are unsecured and interest-free.

As at 31 December 2024, the balances of RMB79,000, RMB283,000 and RMB3,144,000 are repayable on 25 January 2027, 15 May 2027 and 9 July 2028, respectively.

As at 31 December 2023, the balances of HKD779,000 (equivalent to RMB706,000) and RMB1,890,000 are repayable on 14 February 2025 and 9 July 2026, respectively.

(b) Other payables are unsecured, interest-free and repayable on demand.

(c) Details of contract liabilities are as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| *Advances received from customers* | | |
| Sale of marble blocks and marble slabs | **28,695** | 2,960 |
| Sale of coals | **–** | 3,702 |
| Total contract liabilities | **28,695** | 6,662 |

Contract liabilities include advance payment from customers.

## 24. BORROWINGS

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Long-term borrowings — unsecured | **46,708** | 58,124 |

On 15 June 2022, Main Pacific Investment Limited ("**Main Pacific**"), an indirect wholly-owned subsidiary of the Company, and an independent third party signed a borrowing agreement that the third party granted a borrowing facility of HKD10,000,000 to Main Pacific. The borrowings are unsecured, interest-free, repayable on 14 February 2023 and denominated in HKD.

During the year ended 31 December 2023, the two parties signed two supplementary borrowing agreements to increase the facility amount to HKD20,000,000 and the borrowings became interest bearing at 5% per annum since 15 February 2023. Also, the borrowings and interests accrued became repayable on 15 February 2025.

During the year ended 31 December 2023, XYFB, an indirect wholly-owned subsidiary of the Company, signed three borrowing agreements with independent third parties to borrow RMB10,000,000, RMB10,500,000 and RMB19,500,000, respectively. The borrowings are all unsecured, interest bearing at 10% per annum, repayable on 9 July 2026 and denominated in RMB.

On 17 May 2024, XYFB and the independent third parties signed three supplementary borrowing agreements to extend the borrowing terms and decrease the interest rates to 3% per annum from 21 May 2024, and the borrowing and interests accrued became repayable on 9 July 2028.

On 29 January 2024, XYFB and another independent third party signed a borrowing agreement that the third party granted a borrowing facility of RMB20,000,000 to XYFB. The borrowing is unsecured, interest bearing at 10% per annum, repayable on 25 January 2027 and denominated in RMB.

As at 31 December 2024, the Group has drawn RMB860,000 from the facility.

On 16 May 2024, Inner Mongolia Main Pacific Energy Company Limited ("**IMMP**"), an indirect wholly owned subsidiary of the Company, signed a borrowing agreement with an independent third party to borrow RMB15,000,000. The borrowing is unsecured, interest bearing at 3% per annum, repayable on 15 May 2027 and denominated in RMB.

## 25. MINING RIGHT PAYABLE

During the year ended 31 December 2023, for purpose of and in connection with the renewal of the mining permit of the Yiduoyan Project, XYFB entered into a transfer agreement with The Natural Resources and Planning Bureau of Nanzhang County* (南漳縣自然資源和規劃局) (the "**Bureau**"), pursuant to which the mining right of the Yiduoyan Project was transferred to XYFB subject to the payment of additional resources fee of RMB98,731,400. The fee shall be settled in cash and paid by XYFB to the Bureau in four instalments:

(i) the first instalment in the amount of RMB60,000,000 shall be paid prior to the issue of the renewed mining permit;

(ii) the second instalment in the amount of RMB8,731,400 shall be paid before 1 October 2027;

(iii) the third instalment in the amount of RMB15,000,000 shall be paid before 1 October 2028; and

(iv) the last instalment in the amount of RMB15,000,000 shall be paid before 1 October 2029.

The first instalment was paid in July 2023. The remaining instalments due are unsecured and interest free. The carrying amount is determined based on the present value of the future cash flows stated on the transfer agreement discounted using the interest rate of 12% per annum with reference to the valuation report issued by AP Appraisal Limited.

## 26. PROVISION FOR REHABILITATION

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| At the beginning of year | 1,635 | 1,535 |
| Unwinding of discount (note 7) | 110 | 100 |
| At the end of year | 1,745 | 1,635 |

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

* *For identification purposes only*

## 27. SHARE CAPITAL

**Shares**

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Issued and fully paid: | | |
| 1,053,259,200 ordinary shares of HKD0.005 each (2023: 877,716,000 ordinary shares of HKD0.005 each) | 4,323 | 3,524 |

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

| | Number of shares in issue | Share capital RMB'000 | Share premium RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| At 31 December 2023 and 1 January 2024 | 877,716,000 | 3,524 | 130,899 | 134,423 |
| Share placing (a) | 175,543,200 | 799 | 31,951 | 32,750 |
| Share issue expenses (b) | — | — | (622) | (622) |
| At 31 December 2024 | 1,053,259,200 | 4,323 | 162,228 | 166,551 |

(a) On 19 January 2024, the Company completed the share placing of the year. A total of 175,543,200 placing shares have been placed at the placing price of HKD0.205 per placing share, for a cash consideration of HKD35,986,000 (equivalent to RMB32,750,000) before share issue expenses. The proceeds of HKD878,000 (equivalent to RMB799,000) representing the par value have been credited to the Company's share capital and the remaining proceeds of HKD35,108,000 (equivalent to RMB31,951,000) have been credited to the share premium.

(b) The share issue expenses related to the share placing of the year were HKD682,000 (equivalent to RMB622,000).

## 28. RESERVES

The amounts of the Group's reserves and the movements therein for the current year and prior years are presented in the consolidated statement of changes in equity on page 53 of the financial statements.

### Capital reserve

The capital reserve represents the capital contribution from the shareholders of Gold Title Investments Limited ("**Gold Title**") prior to the incorporation of the Company and the capital contribution from the shareholders of the Company.

### 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 ("**FBHK**") and its subsidiary at the date of acquisition, over (b) the consideration paid to the former owner of FBHK who was also a shareholder of Gold Title.

### Safety fund surplus reserve

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

### Statutory reserve fund

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

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

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

## 29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB5,404,000 (2023: RMB347,000) and RMB5,404,000 (2023: RMB347,000), respectively, in respect of lease arrangements for office premises.

## 29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

### (b) Changes in liabilities arising from financing activities

**2024**

| | Loan interest payables RMB'000 | Lease liabilities RMB'000 | Borrowings RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| At 1 January 2024 | 2,596 | 1,860 | 58,124 | 62,580 |
| Changes from financing cash flows | (2,298) | (3,116) | (11,609) | (17,023) |
| New leases | — | 5,404 | — | 5,404 |
| Foreign exchange movement | 8 | 64 | 193 | 265 |
| Interest expense | 3,200 | 205 | — | 3,405 |
| Interest paid classified as operating cash flows | — | (205) | — | (205) |
| At 31 December 2024 | 3,506 | 4,212 | 46,708 | 54,426 |

**2023**

| | Loan interest payables RMB'000 | Lease liabilities RMB'000 | Borrowings RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| At 1 January 2023 | — | 5,027 | 7,727 | 12,754 |
| Changes from financing cash flows | — | (3,557) | 50,193 | 46,636 |
| Adjustment for lease modification | — | 347 | — | 347 |
| Foreign exchange movement | 6 | 43 | 204 | 253 |
| Interest expense | 2,590 | 292 | — | 2,882 |
| Interest paid classified as operating cash flows | — | (292) | — | (292) |
| At 31 December 2023 | 2,596 | 1,860 | 58,124 | 62,580 |

### (c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Within operating activities | 205 | 292 |
| Within financing activities | 3,116 | 3,557 |
| | 3,321 | 3,849 |

## 30. RELATED PARTY TRANSACTIONS

### (a) Compensation of key management personnel of the Group

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Salaries, allowances and benefits in kind | 4,187 | 3,008 |
| Pension scheme contributions | 115 | 83 |
| | 4,302 | 3,091 |

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

### (b) Outstanding balances with related parties

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| Due to a director | (a) | — | 10 |
| Due to the ultimate controlling shareholder | | | |
| — Current portion | (b) | — | 544 |
| — Non-current portion | (c) | — | 7,385 |
| | | — | 7,929 |
| | | — | 7,939 |

Notes:

(a) The balances due to a director are unsecured, interest-free, repayable on demand and denominated in RMB.

(b) The balances due to the ultimate controlling shareholder are unsecured, interest-free, repayable on demand and denominated in HKD.

(c) The balances due to the ultimate controlling shareholder are unsecured, interest-free, repayable on 17 July 2025 and denominated in HKD.

## 31. FINANCIAL INSTRUMENTS BY CATEGORY

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

**2024**

*Financial assets*

| | Financial assets at fair value through profit or loss — held for trading RMB'000 | Financial assets at amortised cost RMB'000 | Total RMB'000 |
|---|---|---|---|
| Trade receivables | — | 1,619 | 1,619 |
| Equity investments at fair value through profit or loss | 12 | — | 12 |
| Financial assets included in deposits and other receivables | — | 13,998 | 13,998 |
| Cash and cash equivalents | — | 20,293 | 20,293 |
| | 12 | 35,910 | 35,922 |

*Financial liabilities*

| | Financial liabilities at amortised cost RMB'000 | Total RMB'000 |
|---|---|---|
| Trade payables | 503 | 503 |
| Financial liabilities included in other payables and accruals | 5,389 | 5,389 |
| Mining right payable | 24,380 | 24,380 |
| Long-term borrowings | 46,708 | 46,708 |
| Lease liabilities | 4,212 | 4,212 |
| | 81,192 | 81,192 |

## 31. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

**2023**

*Financial assets*

| | Financial assets at fair value through profit or loss — held for trading RMB'000 | Financial assets at amortised cost RMB'000 | Total RMB'000 |
|---|---|---|---|
| Equity investments at fair value through profit or loss | 33 | — | 33 |
| Financial assets included in deposits and other receivables | — | 4,463 | 4,463 |
| Cash and cash equivalents | — | 13,092 | 13,092 |
| | 33 | 17,555 | 17,588 |

*Financial liabilities*

| | Financial liabilities at amortised cost RMB'000 | Total RMB'000 |
|---|---|---|
| Trade payables | 492 | 492 |
| Financial liabilities included in other payables and accruals | 5,789 | 5,789 |
| Mining right payable | 21,636 | 21,636 |
| Long-term borrowings | 58,124 | 58,124 |
| Amount due to a director | 10 | 10 |
| Amount due to the ultimate controlling shareholder | 7,929 | 7,929 |
| Lease liabilities | 1,860 | 1,860 |
| | 95,840 | 95,840 |

## 32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

| | Carrying amounts | | Fair values | |
|---|---|---|---|---|
| | **2024 RMB'000** | 2023 RMB'000 | **2024 RMB'000** | 2023 RMB'000 |
| **Financial assets** | | | | |
| Financial assets at fair value through profit or loss | **12** | 33 | **12** | 33 |

Management has assessed that the fair values of current financial assets including cash and cash equivalents, trade receivables, deposits and other receivables, and current financial liabilities including trade payables, other payables and accruals, lease liabilities, amount due to a director and amount due to the ultimate controlling shareholder approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of listed equity investments and other investments are based on quoted market prices.

**Fair value hierarchy**

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

*Assets measured at fair value:*

**As at 31 December 2024**

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | **Quoted prices in active markets (Level 1) RMB'000** | **Significant observable inputs (Level 2) RMB'000** | **Significant unobservable inputs (Level 3) RMB'000** | **Total RMB'000** |
| Financial assets at fair value through profit or loss | **12** | **—** | **—** | **12** |

**As at 31 December 2023**

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) RMB'000 | Significant observable inputs (Level 2) RMB'000 | Significant unobservable inputs (Level 3) RMB'000 | Total RMB'000 |
| Financial assets at fair value through profit or loss | 33 | — | — | 33 |

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents and borrowings. 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 trade receivables, deposits and other receivables, equity investments at fair value through profit or loss, trade payables, other payables and accruals, mining right payable, lease liabilities, amount due to a director and amount due to the ultimate controlling shareholder, which arise directly from its operations.

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

**Foreign currency risk**

The Group's exposure to foreign currency risk mainly relates to the Group's bank deposits, deposits and other receivables, borrowings, other payables and accruals, amount due to the ultimate controlling shareholder and lease liabilities 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).

| | **Increase/ decrease in RMB rate** | **Increase/ (decrease) in loss before tax** | Increase/ (decrease) in loss before tax |
|---|---|---|---|
| | | **2024** | 2023 |
| | % | **RMB'000** | RMB'000 |
| If RMB weakens against HKD | 5% | **(376)** | 1,258 |
| If RMB strengthens against HKD | 5% | **376** | (1,258) |

**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.

*Maximum exposure and year-end staging*

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are carrying amounts for financial assets.

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

**Credit risk (continued)**

***As at 31 December 2024***

| | 12 months ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1 RMB'000 | Stage 2 RMB'000 | Stage 3 RMB'000 | Simplified approach RMB'000 | Total RMB'000 |
| Trade receivables* | — | — | — | 1,619 | 1,619 |
| Financial assets included in deposits and other receivables | | | | | |
| — Normal** | 13,998 | — | — | — | 13,998 |
| — Doubtful** | — | — | — | — | — |
| | 13,998 | — | — | 1,619 | 15,617 |

***As at 31 December 2023***

| | 12 months ECLs | Lifetime ECLs | | | |
|---|---|---|---|---|---|
| | Stage 1 RMB'000 | Stage 2 RMB'000 | Stage 3 RMB'000 | Simplified approach RMB'000 | Total RMB'000 |
| Financial assets included in deposits and other receivables | | | | | |
| — Normal** | 4,463 | — | — | — | 4,463 |
| — Doubtful** | — | — | — | — | — |
| | 4,463 | — | — | — | 4,463 |

* For trade receivables which the Group applies simplified approach for impairment, information is disclosed in note 18 to the financial statements.

** The credit quality of the financial assets included in deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

**Credit risk (continued)**

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables, deposits and other receivables is disclosed in notes 18 and 19 to the financial statements.

**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 borrowings, advances from the related parties and lease liabilities.

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

***As at 31 December 2024***

| | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount RMB'000 | Total RMB'000 | On demand RMB'000 | Less than 3 months RMB'000 | 3 to less than 12 months RMB'000 | 1 to 5 years RMB'000 |
| Trade payables | 503 | 503 | 503 | — | — | — |
| Lease liabilities | 4,212 | 4,492 | — | 716 | 2,236 | 1,540 |
| Financial liabilities included in other payables and accruals | 5,389 | 5,389 | 1,883 | — | — | 3,506 |
| Mining right payable | 24,380 | 38,731 | — | — | — | 38,731 |
| Long-term borrowings | 46,708 | 51,212 | — | — | — | 51,212 |
| | 81,192 | 100,327 | 2,386 | 716 | 2,236 | 94,989 |

***As at 31 December 2023***

| | | Contractual cash flows | | | | | |
|---|---|---|---|---|---|---|---|
| | Carrying amount RMB'000 | Total RMB'000 | On demand RMB'000 | Less than 3 months RMB'000 | 3 to less than 12 months RMB'000 | 1 to 5 years RMB'000 | 6 to 10 years RMB'000 |
| Trade payables | 492 | 492 | 492 | — | — | — | — |
| Lease liabilities | 1,860 | 1,905 | 88 | 845 | 972 | — | — |
| Financial liabilities included in other payables and accruals | 5,789 | 5,789 | 3,193 | — | — | 2,596 | — |
| Mining right payable | 21,636 | 38,731 | — | — | — | 23,731 | 15,000 |
| Amount due to a director | 10 | 10 | 10 | — | — | — | — |
| Amount due to the ultimate controlling shareholder | 7,929 | 7,929 | 544 | — | — | 7,385 | — |
| Long-term borrowings | 58,124 | 69,225 | — | — | — | 69,225 | — |
| | 95,840 | 124,081 | 4,327 | 845 | 972 | 102,937 | 15,000 |

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

**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 2024 and 31 December 2023.

The Group monitors capital using a net debt to equity ratio, which equals to its net debt (total debts net of cash and bank balances) divided by capital. Net debt includes trade payables, other payables and accruals, mining right payable, borrowings, amount due to a director and amount due to the ultimate controlling shareholder, less cash and cash equivalents. Capital includes equity attributable to owners of the Company. The net debt to equity ratios as at the end of the reporting periods were as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Trade payables | 503 | 492 |
| Other payables and accruals | 5,389 | 5,789 |
| Mining right payable | 24,380 | 21,636 |
| Amount due to a director | — | 10 |
| Amount due to the ultimate controlling shareholder | — | 7,929 |
| Long-term borrowings | 46,708 | 58,124 |
| Less: Cash and cash equivalents | (20,293) | (13,092) |
| Net debt | 56,687 | 80,888 |
| Equity attributable to owners of the Company | 46,969 | 33,193 |
| Net debt to equity ratio | 1.21 | 2.44 |

## 34. OTHER MATTERS

During the course of the audit for the year ended 31 December 2022, it has come to the Company's attention that the Beijing branch of Shengjing Bank Co., Ltd.* (盛京銀行股份有限公司北京分行) (the "**Bank**") has, on 20 May 2022, applied and obtained an order from the Security Bureau in Faku County, Shenyang, the PRC (中國瀋陽市法庫縣公安局) to freeze the registered capital in the amount of RMB10 million (the "**Subject Registered Capital**") of XYFB (representing approximately 50% of the registered capital of XYFB) held by FBHK (the "**Order**"). Both XYFB and FBHK are wholly-owned subsidiaries of the Company. Under the Order, no transfer of the Subject Registered Capital is allowed.

Based on subsequent enquiries made by the Company, the Order was made in relation to a loan dispute (the "**Loan Dispute**") involving Mr. Li Yuguo, the then executive Director (resigned with effect from 23 May 2024) and former controlling shareholder (ceased on 23 January 2024) of the Company, and the Bank.

As advised by the PRC legal advisers to the Company, there is currently nothing to indicate that XYFB or FBHK (i) is involved in or otherwise connected with the Loan Dispute; and (ii) has provided any form of guarantee, security or assets pledge to the Bank in relation to the Loan Dispute. Based on the information currently available, the PRC legal advisers are of the view that the Order does not have any direct impact on the normal business operations of the Group.

* *For identification purposes only*

## 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:

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| **NON-CURRENT ASSETS** | | |
| Property, plant and equipment | 2,385 | 3,633 |
| Right-of-use assets | 4,302 | 1,777 |
| Investment in subsidiaries | 28,679 | 28,679 |
| Total non-current assets | 35,366 | 34,089 |
| **CURRENT ASSETS** | | |
| Amounts due from subsidiaries | 66,376 | 64,999 |
| Prepayments, deposits and other receivables | 2,141 | 2,358 |
| Cash and cash equivalents | 9,705 | 2,373 |
| Total current assets | 78,222 | 69,730 |
| **CURRENT LIABILITIES** | | |
| Other payables and accruals | 929 | 1,509 |
| Amount due to subsidiaries | 11,854 | 24,793 |
| Amount due to the ultimate controlling shareholder | — | 544 |
| Lease liabilities | 2,628 | 1,772 |
| Total current liabilities | 15,411 | 28,618 |
| **NET CURRENT ASSETS** | 62,811 | 41,112 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | 98,177 | 75,201 |
| **NON-CURRENT LIABILITIES** | | |
| Lease liabilities | 1,502 | — |
| Total non-current liabilities | 1,502 | — |
| Net assets | 96,675 | 75,201 |
| **EQUITY** | | |
| Issued capital | 4,323 | 3,524 |
| Reserves | 92,352 | 71,677 |
| Total equity | 96,675 | 75,201 |

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

Note:

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

| | Share premium RMB'000 | Contributed reserve RMB'000 | Foreign currency translation reserve RMB'000 | Accumulated losses RMB'000 | Total reserves RMB'000 |
|---|---|---|---|---|---|
| At 1 January 2023 | 130,899 | 20,868 | 6,970 | (75,198) | 83,539 |
| Loss for the year | — | — | — | (12,593) | (12,593) |
| Other comprehensive income for the year: | | | | | |
| Exchange differences on translation of foreign operations | — | — | 731 | — | 731 |
| Total comprehensive loss for the year | — | — | 731 | (12,593) | (11,862) |
| At 31 December 2023 | 130,899 | 20,868 | 7,701 | (87,791) | 71,677 |
| At 1 January 2024 | **130,899** | **20,868** | **7,701** | **(87,791)** | **71,677** |
| Loss for the year | **–** | **–** | **–** | **(12,102)** | **(12,102)** |
| Other comprehensive income for the year: | | | | | |
| Exchange differences on translation of foreign operations | **–** | **–** | **1,448** | **–** | **1,448** |
| Total comprehensive loss for the year | **–** | **–** | **1,448** | **(12,102)** | **(10,654)** |
| Share placing | **31,951** | **–** | **–** | **–** | **31,951** |
| Share issue expenses | **(622)** | **–** | **–** | **–** | **(622)** |
| At 31 December 2024 | **162,228** | **20,868** | **9,149** | **(99,893)** | **92,352** |

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

## 36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 March 2025.

# FINANCIAL SUMMARY

## RESULTS

| | Year ended 31 December | | | | |
|---|---|---|---|---|---|
| | **2024** | 2023 | 2022 | 2021 | 2020 |
| | **RMB'000** | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Revenue | **96,359** | 77,739 | 63,884 | 24,667 | 20,248 |
| Loss before tax | **(19,259)** | (21,031) | (7,800) | (3,882) | (12,891) |
| Income tax credit/(expense) | **443** | 1,179 | (1,131) | 1,193 | 1,091 |
| Loss for the year attributable to: | | | | | |
| Owners of the Company | **(18,848)** | (19,604) | (8,867) | (2,491) | (11,762) |
| Non-controlling interests | **32** | (248) | (64) | (198) | (38) |
| | **(18,816)** | (19,852) | (8,931) | (2,689) | (11,800) |

| | As at 31 December | | | | |
|---|---|---|---|---|---|
| | **2024** | 2023 | 2022 | 2021 | 2020 |
| | **RMB'000** | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Total assets | **158,662** | 137,849 | 74,086 | 67,315 | 72,928 |
| Total liabilities | **(111,693)** | (104,687) | (23,543) | (9,649) | (11,589) |
| Net assets | **46,969** | 33,162 | 50,543 | 57,666 | 61,339 |
| Equity attributable to: | | | | | |
| Owners of the Company | **46,969** | 33,193 | 52,533 | 59,590 | 63,066 |
| Non-controlling interests | **—** | (31) | (1,990) | (1,924) | (1,727) |
| | **46,969** | 33,162 | 50,543 | 57,666 | 61,339 |