



**BMI** Technical Consulting  
(Resources) Limited

邦盟匯駿技術顧問(資源)有限公司

## *The Dimension Stone Industry in Asia Regions*

Carrara, Italy  
June 2016

## ABOUT US

- To provide one-stop resources technical and financial advisory

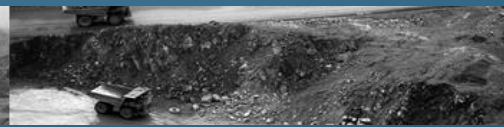
### Our Main Profession Services :

- ◆ Project Financing
- ◆ Project Merger and Acquisition (M&A)
- ◆ Project Initial Project Offerings (IPO)
- ◆ Litigation and Arbitration Technical Support
- ◆ Other Natural Resources Advisory

YOUR ONE-STOP  
MINING SOLUTION



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## OUR FOCUS

### Oil and Gas

- Oil and Gas field
- Crude oil supply
- Oil refinery
- Petrochemical Plant



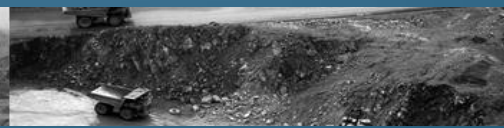
### Mining Projects

- Gold
- Titanium Sand
- Coal
- Dimension Stone



### Agricultural Products

- Wheat
- Rice
- Tea
- Coffee beans

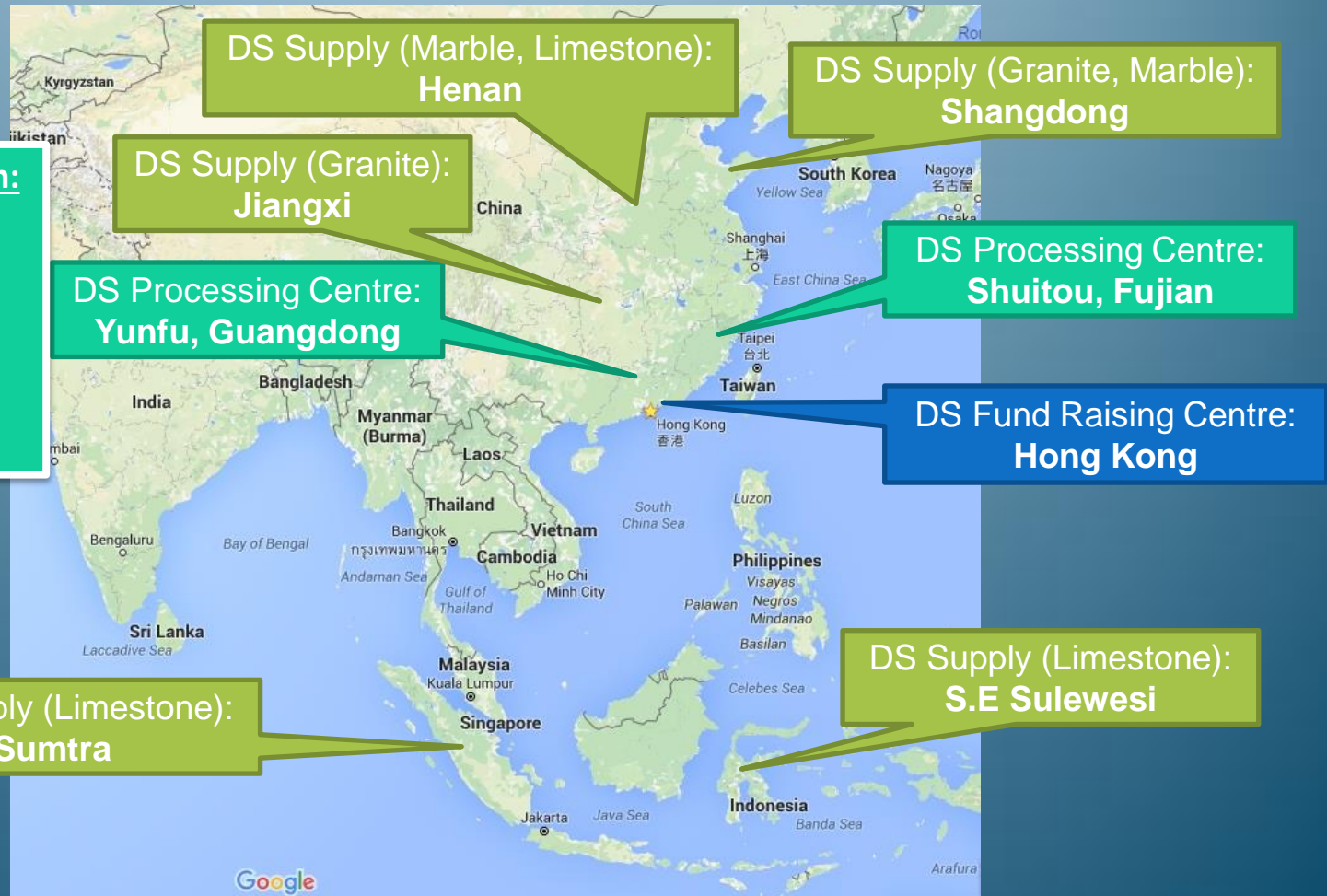




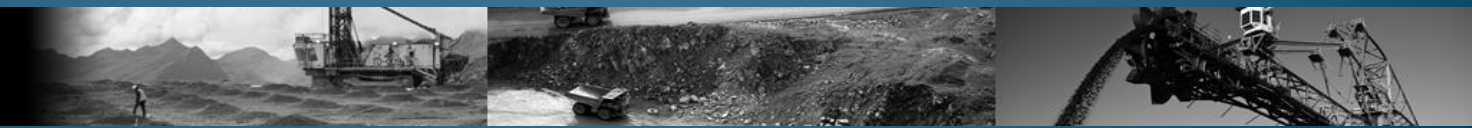
## Asia Nexus for Dimension Stone (DS) Sector

### Additional Information:

There are **4000+** dimension stone companies in **Yunfu** while there are **1500+** dimension stone companies in **Shuitou**.



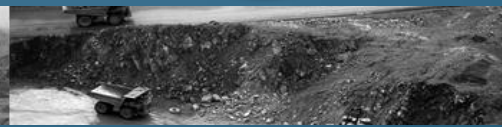
Source: HKEx



## Why list in Hong Kong – Dimension Stone (DS) Sector



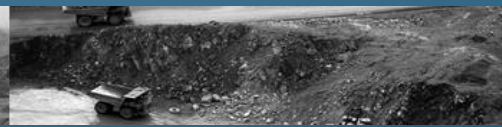
Source: HKEx



## Favourable Listing Rule – Chapter 18 Mineral Companies



Source: HKEx



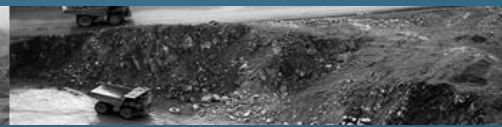


## Listing on HKEx

- ✓ No Profit Required
- ✓ Only Indicated Resources
- ✓ Production Plan Required Before Listing

- ✓ High P/E
- ✓ High Fundraising Capability

Source: HKEx



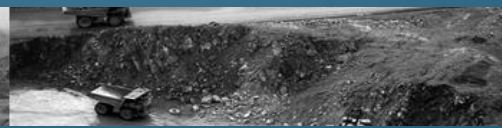
## Some International Mining Companies on HKEx

Name	Headquarters	Commodity	Listing Date	IPO Fund Raised
Ding He Mining Holdings Limited (formerly CVM Minerals Limited)	Malaysia/Hong Kong	Dolomite, Magnesium	22 December 2008	US\$ 17.16 million
United Company RUSAL Plc	Russia	Aluminum, Bauxite	31 December 2009	US\$ 2.2 billion
South Gobi Resources Ltd	Canada	Coal	29 January 2010	US\$ 407.4 million
Mongolian Mining Corporation	Mongolia	Coal	13 October 2010	US\$ 744.6 million
Vale S.A.	Brazil	Multi	8 December 2010	*
Glencore International AG	Switzerland	Multi	25 May 2011	US\$ 10.0 billion
Kazakhmys Plc	England	Copper, zinc, silver, gold	29 June 2011	*
China Kingstone Mining	China	Marble	18 March 2011	US\$ 167 million
Sunshine Oilsands Ltd	Canada	Oil Sands	20 February 2012	US\$ 579.0 million
ArtGo Mining Holdings Limited#	China	Marble	30 December 2013	US\$ 114 million
Future Bright Mining Holdings Limited	China	Marble	09 January 2015	US\$ 10 million

\* Listed by way of introduction

# ArtGo Mining Holdings Limited has changed to ArtGo Holdings Limited on 30<sup>th</sup> March 2015

Source: HKEx







## International Brands on HKEx



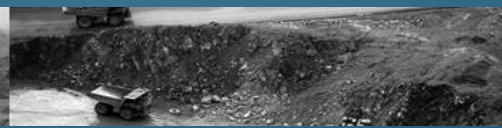
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Name	Headquarters	Business	Listing Date	IPO Fund Raised
Wynn Macau Limited	Macau	<ul style="list-style-type: none"> <li>➤ Casino, Hotels and Entertainment</li> <li>➤ Subsidiary of American Wynn Resorts Limited</li> </ul>	09 October 2009	US\$ 2.27 billion
Sands China Limited	Macau	<ul style="list-style-type: none"> <li>➤ Casino, Hotels and Entertainment</li> <li>➤ Subsidiary of American Las Vegas Sands Corp</li> </ul>	30 November 2009	US\$ 2.5 billion
L'occitane International S.A.	France	<ul style="list-style-type: none"> <li>➤ Cosmetics and beauty products</li> </ul>	31 December 2009	US\$ 2.2 billion
Samsonite International S.A.	Luxembourg	<ul style="list-style-type: none"> <li>➤ Luggage manufacturer and retailer</li> </ul>	29 January 2010	US\$ 0.407 billion
Prudential PLC	England	<ul style="list-style-type: none"> <li>➤ Life insurance and financial services</li> </ul>	25 May 2010	*
Prada S.p.A	Italy	<ul style="list-style-type: none"> <li>➤ Luxury fashion, handbags and accessories</li> </ul>	13 October 2010	US\$ 0.744 billion
AIA Group Limited	Hong Kong	<ul style="list-style-type: none"> <li>➤ Life insurance and financial services</li> <li>➤ Subsidiary of American life insurance giant AIG, Inc</li> </ul>	29 October 2010	US\$ 20.52 billion
Coach, Inc	U.S.A	<ul style="list-style-type: none"> <li>➤ Luxury fashion, handbags and accessories</li> </ul>	01 December 2011	*
MGM China Holdings Limited	Macau	<ul style="list-style-type: none"> <li>➤ Casino, Hotels and Entertainment</li> <li>➤ Subsidiary of American MGM Resorts International</li> </ul>	03 June 2011	US\$ 0.805 billion

\* Listed by way of introduction

Source: HKEx



## International voices about listing on HKEx

Why is Hong Kong suddenly the “it” bourse for luxury IPOs? One, for “Asia-centric” luxury demand which has companies thinking “let’s IPO where my consumers are” and two, in a jittery world, Hong Kong is a relatively better place to raise money.

LiveMint, WSJ, 30/6/11

“Hong Kong will be a dominant center for offshore renminbi trade, that’s a given. The other market that is difficult is the equities market, both the cash and the derivatives market. Hong Kong is just much larger than we are”.

Piyush Gupta, CE of Singapore’s DBS Group,  
WSJ, 18/7/11

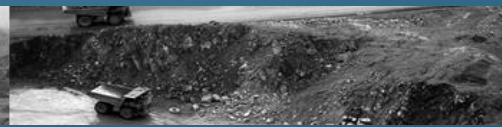
“RUSAL has become Russia's most recognizable company in China. The formula is very simple: Russian goods, China's market, Hong Kong capital market, stock market”.

Volynets, general director of RUSAL's holding  
company EN+, Sino Daily, 17/4/11

“The central government will support Hong Kong in developing itself into an offshore RMB settlement center and international assets management center. I believe Hong Kong has the ability to cope with not only regional but also international competition and risks.”.

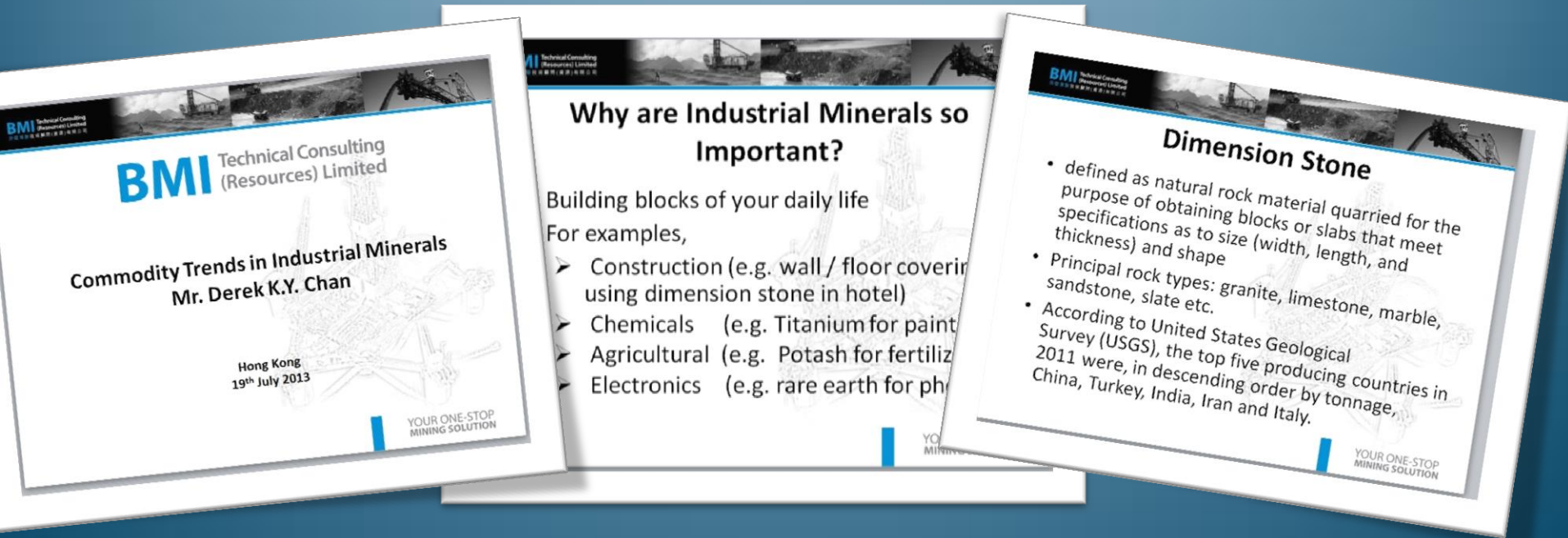
Wen Jiabao, China Daily, 14/3/11

Source: HKEx



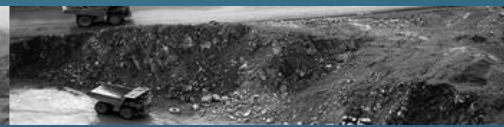
## Our Insight in 2013

- ✓ Our perspective in 2013 on Industrial Minerals:
  - ❖ Keep an eye on this sector
  - ❖ Dimension stone is one of selected highlights



## Dimension Stone Industry

- ✓ Wide range of purposes,  
from building services to households
- ✓ Relatively stable and sustainable demand
- ✓ Relatively stable and sustainable price
- ✓ Price in relation to its “rock types” and aesthetics





## Increased Liquidity and Higher Valuation for mining companies

### Mongolian Mining Corporation (0975.HK)

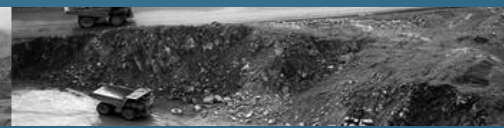
IPO	
Listing Date	:13 October 2010
Fund Raise	:USD745 million
Public Offer	:11x over-subscribed
International Placing	:Well over-subscribed

Post-IPO in 2012	
Date	:31 July 2012
Market Capitalization	:USD2,040 million
P/E Ratio	:24.1x
Turnover YTD 2012	:USD565 million
Average Daily Turnover	:USD4 million

### Natural Resources

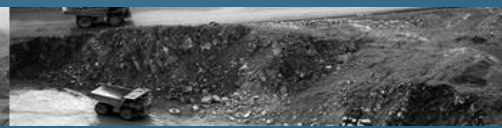


Source: HKEx 2012



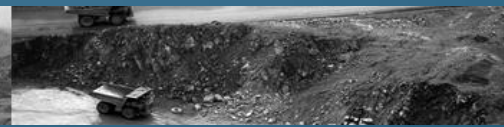
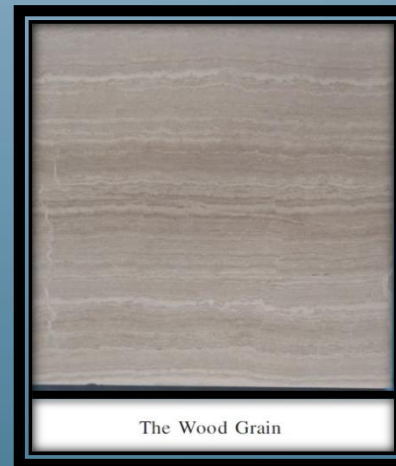
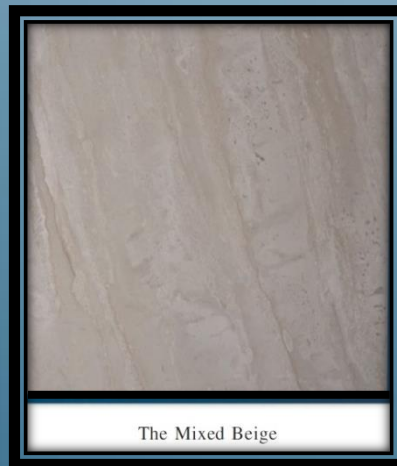
## Before and After

- ❑ We have talked some Dimension Stone companies successfully listed on HKEx.
- ❑ In the following, we would like to draw your attention to those Dimension Stone companies before listing ?
  - Were they performing much better than others in the industry?
  - Or were they just riding the wave of a prosperous mining sector?



## Case 1 China Kingstone Mining Holdings Limited(1380.HK)

Dimension Stone • Limestone, Sichuan, China





## Case 1 China Kingstone Mining Holdings Limited(1380.HK)

### Reserve / Resource

- **Resources**  
Measured: 15.74 million m<sup>3</sup>  
Indicated: 28.41 million m<sup>3</sup>
- **Reserves**  
Proved: 5.98 million m<sup>3</sup>  
Probable: 10.80 million m<sup>3</sup>

### Block Production

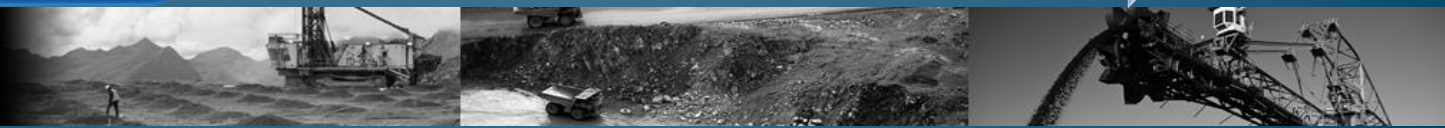
- For year 2008: 0 m<sup>3</sup>
- For year 2009: 0 m<sup>3</sup>
- For year 2010 (Sept to Dec): 1,145 m<sup>3</sup>
- Planned maximum capacity: 150, 000 m<sup>3</sup> per year

### Revenue

- For year 2008: RMB 0
- For year 2009: RMB 0
- For year 2010 (Jan to Nov): RMB 1.771 million ~US\$ 0.229 million

### Financial Conditions

- Profit/(Loss) for year 2008: RMB 1.752 million ~US\$ 0.226 million
- Profit/(Loss) for year 2009: RMB 5.369 million ~US\$ 0.693 million
- Profit/(Loss) for year 2010 (Jan to Nov): RMB 23.348 million ~US\$ 3.013 million





## Case 2

## ArtGo Mining Holdings Limited# (3313.HK)

Dimension Stone

- Dolomite and Limestone, Jiangxi, China

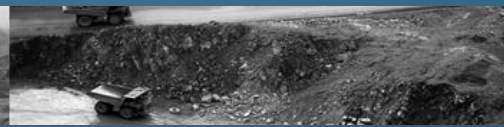
Van Gogh



White Jade



## Aris Series



## Case 2

## ArtGo Mining Holdings Limited# (3313.HK)

Dimension Stone

- Dolomite and Limestone, Jiangxi, China

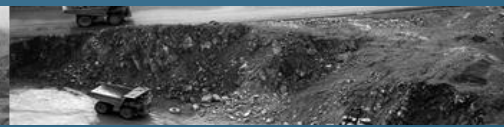
Polar White



Violet



## Abba Series



## Case 2

## ArtGo Mining Holdings Limited# (3313.HK)

Dimension Stone

- Dolomite and Limestone, Jiangxi, China

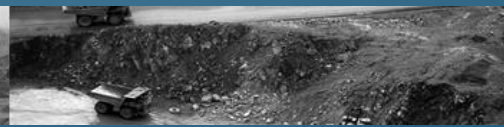
Blue Ribbon



London Night View



## Ally Series





## Case 2

## ArtGo Mining Holdings Limited# (3313.HK)

### Reserve / Resource

- **Resources**  
Measured: 51.477 million m<sup>3</sup>  
Indicated: 46.646 million m<sup>3</sup>
- **Reserves**  
Proved: 23.165 million m<sup>3</sup>  
Probable: 20.991 million m<sup>3</sup>

### Block Production

- For year 2011 (Jun to Dec): 1,588 m<sup>3</sup>
- For year 2012: 13,456 m<sup>3</sup>
- For year 2013 (Jan to Sept): 27,612 m<sup>3</sup>
- Planned maximum capacity: 250, 000 m<sup>3</sup> per year

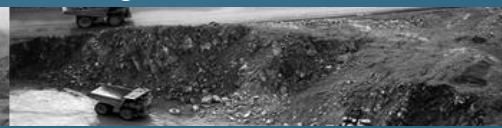
### Revenue

- For year 2011 (Jun to Dec): RMB 0.173 million ~US\$ 0.0265 million
- For year 2012: RMB 8.210 million ~US\$ 1.259 million
- For year 2013 (Jan to Sept): RMB 92.054 million ~US\$ 14.107 million

### Financial Conditions

- Profit/(Loss) for year 2011 (Jun to Dec): **RMB 4.122 million ~US\$ 0.632 million**
- Profit/(Loss) for year 2012: **RMB 19.421 million ~US\$ 2.976 million**
- Profit/(Loss) for year 2013 (Jan to Sept): RMB 9.321 million ~US\$ 1.429 million

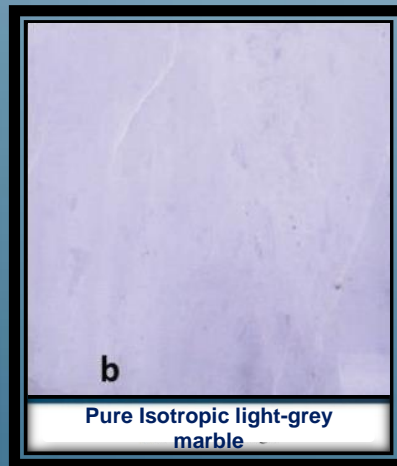
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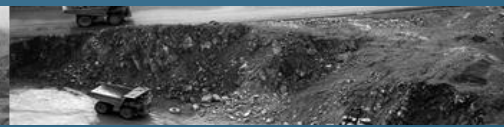


## Case 3 Future Bright Mining Holdings Limited (2212.HK)

Dimension Stone • Marble, Hubei, China

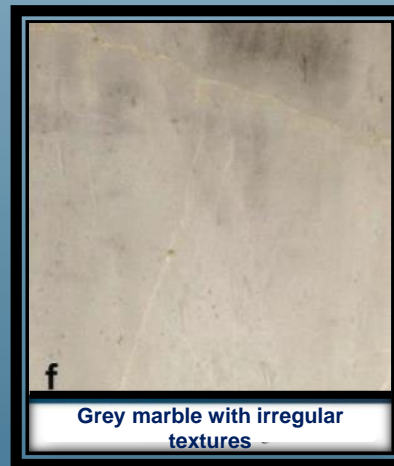


White Marbles a.k.a Silver White Jade

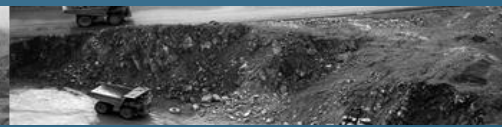


## Case 3 Future Bright Mining Holdings Limited (2212.HK)

Dimension Stone • Marble, Hubei, China



Grey Marbles a.k.a Silver Fox Grey





## Case 3 Future Bright Mining Holdings Limited (2212.HK)

### Reserve / Resource

- **Resources**  
Indicated: 7.3 million m<sup>3</sup>
- **Reserves**  
Probable: 0.91 million m<sup>3</sup>

### Block Production

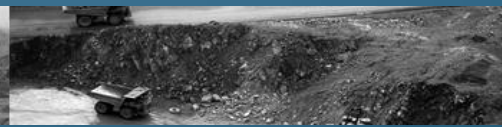
- For year 2013: 0 m<sup>3</sup>
- For year 2014: 3,000 m<sup>3</sup> (Estimated)
- For year 2015: 7,500 m<sup>3</sup> (Estimated)
- Planned maximum capacity: 20, 000 m<sup>3</sup> per year

### Revenue

- For year 2012: RMB 0
- For year 2013: RMB 0
- For year 2014 (Jan to Jun): RMB 0

### Financial Conditions

- Profit/(Loss) for year 2012: RMB 2.021 million~US\$ 0.261 million
- Profit/(Loss) for year 2013: RMB 9.798 million~US\$ 1.503 million
- Profit/(Loss) for year 2014: RMB 3.974 million~US\$ 0.609 million



## Key challenges of Dimension Stone Projects listing in Hong Kong from our perspectives

### ✓ Management Experience

- ❑ Directors and senior managers must have a minimum of five years relevant industry experience.
- ❑ The management of the dimension stone companies in China usually not a “full time” management in dimension stone industry.

### ✓ Incomplete and Substandard Technical Documents

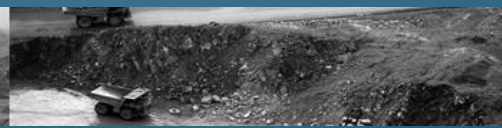
- ❑ Most of the cases the technical documents are incomplete and in some cases, the technical documents are not even up to local standard.

### ✓ Tax, Loan and Accounting

- ❑ China has its own accounting standard but it is not internationally accepted accounting standard.
- ❑ Existing loan (especially recurrent loan of the subsidiaries) from the owners of the dimension stone companies are also of concerns to the HKEx.

### ✓ Production, Sales and Marketing

- ❑ Production is not proved to be economically viable.
- ❑ No solid sales contracts with clients.
- ❑ No concrete database support for pricing







# THANK YOU

Contact:

Derek K.Y. Chan

Managing Director

BMI Technical Consulting (Resources) Limited

Email:

[dchan@bmintelligence.com](mailto:dchan@bmintelligence.com)

or [derekkychan@gmail.com](mailto:derekkychan@gmail.com)

