KINGSTONE
金石礦業

CHINA KINGSTONE MINING HOLDINGS LIMITED
中國金石礦業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1380)

UNAUDITED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board of directors (the "Board") of China Kingstone Mining Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2014 together with the comparative figures for the corresponding period in year 2013.

	Six months ended 30 June		Change	
	2014	2013		
	(unaudited)	(unaudited)		
Revenue *(RMB in thousand)*	**10,336**	392	+9,944	+2,536.7%
Loss for the period *(RMB in thousand)*	**(15,085)**	(196,173)	+181,088	N/A
Basic loss per share *(RMB cents)*	**(0.77)**	(10.07)	+9.3	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2014

		For the six months ended 30 June	
		2014	2013
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
REVENUE	4	**10,336**	392
Cost of sales		**(3,456)**	(92)
Gross profit	5	**6,880**	300
Other income and gains		**131**	116
Selling and distribution costs		**(1,107)**	(166)
Administrative expenses	6	**(21,009)**	(24,230)
Impairment loss on various assets		**—**	(174,188)
Gain on disposal of a subsidiary		**—**	2,576
OPERATING LOSS	7	**(15,105)**	(195,592)
Finance costs		**(1,477)**	—
LOSS BEFORE TAX		**(16,582)**	(195,592)
Income tax credit/(expense)	8	**1,497**	(581)
LOSS FOR THE PERIOD	9	**(15,085)**	(196,173)
OTHER COMPREHENSIVE LOSS:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of non-PRC operations		**(128)**	(605)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(15,213)**	(196,778)
Loss per share attributable to ordinary equity holders of the Company *(RMB cents)*:			
— Basic and diluted	10	**(0.77)**	(10.07)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Notes	30 June 2014 RMB'000 (unaudited)	31 December 2013 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**169,998**	172,796
Intangible assets		**54,074**	54,076
Prepaid land lease payments		**2,342**	2,362
Deferred tax assets		**1,676**	179
		228,090	229,413
CURRENT ASSETS			
Inventories	12	**3,249**	5,241
Trade receivables		**58,516**	50,179
Prepayments, deposits and other receivables		**8,571**	16,377
Cash and cash equivalents		**14,210**	30,315
		84,546	102,112
CURRENT LIABILITIES			
Trade payables	13	**1,407**	1,393
Other payables and accruals		**26,754**	36,665
		28,161	38,058
NET CURRENT ASSETS		**56,385**	64,054
TOTAL ASSETS LESS CURRENT LIABILITIES		**284,475**	293,467
NON-CURRENT LIABILITIES			
Other loan		**19,853**	19,698
Provision for rehabilitation		**2,428**	2,428
Deferred income		**139**	194
Deferred tax liability		**3,462**	3,462
		25,882	25,782
NET ASSETS		**258,593**	267,685
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**164,956**	164,106
Reserves		**93,637**	103,579
Total equity		**258,593**	267,685

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2014 ("Interim Financial Statements") have been prepared in accordance with International Accounting Standard 34 ("IAS 34") issued by International Accounting Standards Board and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange.

The Interim Financial Statements do not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2013 ("2013 Annual Report").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of 2013 Annual Report of the Company.

In the current period, the Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. IFRSs comprise International Financial Reporting Standards; International Accounting Standards and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current and prior periods.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these revised IFRSs would have a material impact on its results of operations and financial positions.

3. ESTIMATES

The preparation of the Interim Financial Statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

4. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue represents the net invoiced value of goods sold, net of trade discounts and returns.

The Group's revenue and contribution to profit were mainly derived from its sale of marble and marble related products, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. In addition, the principal assets employed by the Group are located in Sichuan Province and Guangdong Province, the PRC. Accordingly, no segment analysis is presented other than entity wide disclosures.

Entity-wide disclosures

Information about products

The following table sets forth the total revenue from external customers by product and the percentage of total revenue during the period:

	For the six months ended 30 June			
	2014		2013	
	RMB'000	*%*	*RMB'000*	*%*
	(unaudited)		(unaudited)	
Marble slabs	**3,787**	**36.6%**	26	6.6%
Marble blocks	**4,082**	**39.5%**	366	93.4%
Marble slags	**2,467**	**23.9%**	—	0.0%
	10,336	**100%**	392	100%

5. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Bank interest income	**14**	32
Others	**117**	84
	131	116

6. IMPAIRMENTS OF VARIOUS ASSETS

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Impairment on investment in an associate	**—**	16,242
Impairment of loans to an associate	**—**	40,000
Impairment of trade receivables	**—**	53,878
Impairment of prepayments, deposits and other receivables	**—**	61,102
Impairment on goodwill	**—**	2,966
	—	174,188

7. FINANCE COSTS

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest expenses on other loan wholly repayable within five years	**1,477**	—

8. INCOME TAX (CREDIT)/EXPENSE

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current — the PRC		
— Charge for the year	**—**	—
— Under-provision in prior years	**—**	211
Deferred tax	**(1,497)**	370
Income tax (credit)/expenses	**(1,497)**	581

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC is 25% for the six months ended 30 June 2014 and 2013.

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdiction in which members of the Group are domiciled and operate.

The Company is a tax exempted company registered in Cayman Islands and has registered in Hong Kong as non-Hong Kong company. The Company conducts substantially all of its business through its PRC subsidiaries.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the period.

Pursuant to the income tax rules and regulations of the PRC, a 10% withholding tax is levied on dividends declared to foreign investors from foreign investment enterprises established in the PRC effective from 1 January 2008.

9. LOSS FOR THE PERIOD

The Group's loss for the period is arrived at after charging:

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of items of property, plant and equipment	**4,004**	4,422
Less: depreciation capitalised	**(1,724)**	—
	2,280	4,422
Amortisation of intangible assets	**2**	—
Amortisation of prepaid land lease payments	**20**	14
Impairment of various assets	**—**	174,188

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the six months ended 30 June 2014 attributable to owners of the Company of approximately RMB15,085,000 (six months ended 30 June 2013: RMB196,173,000) and the weighted average number of 1,951,357,000 (six months ended 30 June 2013: 1,947,812,000) ordinary shares in issue during the period.

(b) Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the six months ended 30 June 2014 and 2013.

11. DIVIDEND

The Directors do not recommend the payment of any dividend for each of the six months ended 30 June 2014 and 2013.

12. TRADE RECEIVABLES

	30 June	31 December
	2014	2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**112,394**	104,057
Less: Provision for impairment	**(53,878)**	(53,878)
	58,516	50,179

An aged analysis of trade receivables, as at the end of the reporting periods based on the goods delivery date, and net of provision for impairments, is as follows:

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 30 days	**4,808**	3,216
31 to 90 days	**829**	—
91 to 180 days	**2,700**	—
181 to 270 days	**3,216**	—
Over 1 year	**46,963**	46,963
	58,516	50,179

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month. Except for certain customers developed by the Group at the beginning of its commercial operation were granted for a credit period of 18 months. In view of the fact that the Group sells most of its products to several major customers, there is a high level of concentration of credit risk. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk.

The trade receivables include an amount of RMB46,963,000 (as at 31 December 2013: RMB46,963,000) was secured by certain properties. The Group has been taking legal actions to recover these trade receivables.

13. TRADE PAYABLES

Trade payables are normally settled in 180 days. An aged analysis of trade payables, based on the invoice date, is as follows:

	30 June 2014	31 December 2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Outstanding balances with ages:		
Within 180 days	**14**	71
Over 180 days	**1,393**	1,322
	1,407	1,393

14. EVENTS AFTER THE PERIOD

On 29 July 2014, the Group entered into a sale and purchase agreement with a director of the Company (the "Vendor") to purchase the entire issued share capital of China Fortune Investment Holdings Limited (the "Target Company") and all shareholders' loan owned by the Target Company and its subsidiaries (the "Target Group") to the Vendor or its affiliates which are outstanding as at completion of the acquisition.

Consideration of the acquisition is RMB225,100,000, which will be satisfied as follows: (i) as to RMB24,000,000 (equivalent to HK$30,000,000), payable in cash on completion; (ii) as to RMB63,000,000 (equivalent to HK$78,800,000), to be satisfied by the issue of the convertible bond by the Company; (iii) as to RMB39,100,000 (equivalent to HK$48,900,000), to be satisfied by the surrender of the Vendor Promissory Notes for cancellation; and (iv) as to RMB99,000,000 (equivalent to HK$123,700,000), payable in cash to be applied for the repayment of the loans owed by the Target Group to financial institutions.

The principal business of the Target Group is property investment, property management and property consultancy in the PRC. The acquisition was not yet completed up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

China Kingstone Mining Holdings Limited (the "Company"), together with its subsidiaries (the "Group"), is the mining operator in China which focuses on beige marble blocks and processing of marble slabs, and owned the largest beige marble mine, namely Zhangjiaba Mine, which is located in Zhenjiang Village, Xiangshui County, Jiangyou City of Sichuan Province, China, in terms of marble reserves, according to the certification issued by China Stone Material Association in August 2010.

Production and Sales Volume

The production at Zhangjiaba mine was substantially suspended for the period from 1 January 2013 to July 2013. The production of the Group has been resuming gradually commencing from August 2013. The summarized production and sales volume are set out below:

	Six months ended 30 June		
	2014	2013	Change
Production volume:			
Marble blocks mined *(cubic meter)*	**175**	—	N/A
Marble slabs processed *(square meter)*	**—**	—	N/A
Marble slags produced *(tonnes)*	**410,581**	—	N/A
Sales volume:			
Marble blocks *(cubic meter)*	**3,847**	171	+2,150%
Marble slabs *(square meter)*	**39,089**	195	+19,946%
Marble slags *(tonnes)*	**410,581**	—	N/A
Average selling prices:			
Marble blocks *(RMB per cubic meter)*	**984**	2,140	–54.0%
Marble slabs *(RMB per square meter)*	**104**	133	–21.8%
Marble slags *(RMB per tonnes)*	**6**	—	N/A

Exploration, Development and Production Activities

There was no further exploration activity at the Zhangjiaba mine during the year. The Zhangjiaba mine located in Sichuan Province of China, contains 44.2 million cubic meter of measured and indicated marble resources, which represents 16.8 million cubic meter of proved and probable marble reserves based on a block rate of 38%, according to the independent competent person's report dated on 7 March 2011 (as shown in the Company's Prospectus).

The Zhangjiaba mine mainly divided into the east mining zone and the west mining zone. The Group has substantially completed the mining platform and went into production at the east mining zone. During the six months ended 30 June 2014 ("HY14"), the Zhangjiaba mine produced 175.4 cubic meter of marble stone from the east mining zone and the Group has been carrying out the stripping of overburden materials at the surface of the west mining zone. The process of mining and stripping produced 410.580.7 tonnes of the mining slags.

During HY14, the aggregate expenditure of the mining operation of the Group was approximately RMB2.6 million, which mainly included depreciation on property, plant and equipment of approximately RMB1.8 million, fuel consumption of approximately RMB0.09 million, staff costs of approximately RMB0.1 million and repair and maintenance costs of approximately RMB0.07 million.

During HY14, the Group has not entered into any contracts and did not have any commitment relating to infrastructure projects, subcontracting arrangements and purchase of equipment.

During HY14, there was no production of marble slabs as the inventory of marble slabs is sufficient to meet the existing sales orders from customers.

Financial Review

Revenue and Gross Profit

The Group's revenue increased by RMB9.9 million or 2,475% to RMB10.3 million for HY14 from RMB0.4 million for the six months ended 30 June 2013 ("HY13"). The increase was primarily due to an increase in sales volume of marble blocks and slabs and an increase in sales of marble slags. The sales of marble blocks and slabs for HY14 were substantially generated from the existing inventories, resulting in the lower selling price in average.

Gross profit increased by RMB6.6 million or 2,200% to RMB6.9 million for HY14 from RMB0.3 million for HY13 and the gross profit margin decreased by 9.9 percentage points from 76.5% for HY13 to 66.6% for HY14. During HY14, provision for obsolescence stock made in previous years of RMB2.4 million was written back as the sales was recognised. The gross profit margin, not accounting for such write-back, was 43.3%. The decrease in gross profit margin was primarily due to a decrease in average selling price of the marble blocks and slabs.

Selling and distribution expenses

Selling and distribution expenses increased from RMB0.2 million for HY13 to RMB1.1 million for HY14. The increase was primarily due to an increase in exhibition and promoting expenses.

Administrative expenses

Administrative expenses decreased by RMB3.2 million from RMB24.2 million for HY13 to RMB21.0 million for HY14. The decrease was primarily due to a decrease by RMB3.2 million in written-off of the expenditure of the mining operation during HY13, resulting from the suspension of production, and a decrease by RMB2.1 million in written off of property, plant and equipment arising from the removal of Guangzhou office during HY13. During HY14, the Company recognised a share option expenses of RMB4.5 million.

Loss for the period

The Group recorded a loss of RMB15.1 million for HY14 as compared to a loss of RMB196.2 million for HY13, as a result of a combined effect of i) an improvement in sales performance for HY14; (ii) an impairment losses of RMB115.0 million arising from certain trade receivables and prepayments, deposits and other receivables were recognised during FY13, iii) an impairment loss of RMB56.2 million arising from equity interest in an associate and loan to the associate during HY13, (iv) an impairment loss of RMB3.0 million on goodwill in HY13, (v) a gain of RMB2.6 million on disposal of a subsidiary which owns Tujisi mine in HY13, and (vi) a share option expenses of RMB4.5 million was recognised during HY14.

Liquidity and Capital Resources

As at 30 June 2014, the Group's total equity interests was RMB258.6 million (31 December 2013: RMB267.7 million), representing a decrease of 3.4%. The decrease was mainly attributable to a loss of RMB15.1 million incurred for HY14.

As at 30 June 2014, the Group had cash and bank balances of RMB14.2 million (31 December 2013: RMB30.3 million). Cash and bank balances were mainly denominated in Hong Kong dollars and Chinese Renminbi ("RMB"). The Group's working capital (or net current assets) was RMB56.4 million (31 December 2013: RMB64.1 million). The current ratio, represented by current assets divided by current liabilities, was 3.0 (31 December 2013: 2.7).

As at 30 June 2014, the Group's interest bearing loan, which was denominated in Hong Kong dollar, was RMB19.9 million (31 December 2013: RMB19.7 million) and at fixed interest rate. The Group does not currently use any derivatives to manage interest rate risk. Gearing ratio, representing total loan divided by total equity, was 0.08 (31 December 2013: 0.07).

As at 30 June 2014, the Group had available working capital facilities of RMB19.9 million (31 December 2013: RMB19.7 million) under a loan agreement with Kinwin International Investment Limited, all of which was used. The loan of RMB19.9 million was unsecured and interest-bearing at a fixed rate of 15% per annum. The loan will mature in October 2015. With the level of its current facilities and available cash and cash equivalents, the Group has adequate financial resources to meet the anticipated future liquidity requirements and capital expenditure commitment.

Capital Expenditure

The Group's capital expenditure was amounted to RMB3.1 million during HY14, which was primarily related to additions to property, plant and equipment.

Exposure to Fluctuations in Exchange Rates

The Group principally operates its businesses in the PRC. The Group is not exposed to significant foreign exchange risk as most of the Group's business transactions, assets and liabilities are principally denominated in Chinese Renminbi ("RMB"), which is the functional and reporting currency of the Group, except certain administrative expenses, denominated in Hong Kong dollar and United States dollar, in the Hong Kong office. The Group has not entered into any foreign exchange contract as hedging measures.

Human Resources

As at 30 June 2014, the Group had a total workforce of 70 (31 December 2013:61). The total staff cost, including directors' emoluments, share options benefit and pension scheme contribution, was approximately RMB10.2 million (HY13: RMB7.3 million) during HY14.

The Group's emolument policies are formulated on the performance of individual employee and on the basis of the salary trends in Hong Kong and the PRC, and will be reviewed regularly. Subject to the Group's profitability, the Group may also distribute discretionary bonus to its employees as an incentive for their contribution to the Group.

Material Acquisitions

On 29 July 2014, the Group entered into a sales and purchase agreement in relation to an acquisition of entire interest of China Forture Investment Holdings Limited, which indirectly wholly owned three units of commercial properties located in Taihe Plaza, No. 333 Dongshang East Road, Zhenjiang, Jiangsu Province, the PRC with total gross floor area of approximately 9,660.78 square meter. The Group believes that the investment in the properties can generate steady rental income and diversify the businesses of the Group. The Company will continue to explore the opportunity in the property investment market.

PROSPECTS

The Group's business of marble products is closely associated with the growth and prosperity of the real estate market in China. The Group believes that the real estate market in China will remain stable, amidst the slowdown of China economy, with mild increase in average property price and demand of high quality housings, which should drive the increase in the demand for stone materials of the Group. Looking ahead, the Group will continue to consolidate the production and operations and extend the customer base. The management of the Group is confident and able to encounter the future challenges and changes in the market in which the Group operates. On the other hand, the Group will continue to explore new business opportunities so arising in order to maximise shareholder's value in the future, in marble mining business and its related business.

OTHER INFORMATION

Corporate Governance

The Company has complied with the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2014 except for a deviation from code provision A.2.1 of CG Code.

Under code provision A.2.1 of CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. During the six months ended 30 June 2014, there is no officer carrying the title of chief executive officer (the "CEO"). The duties of the CEO are undertaken by all executive directors, including Mr. Lu Hongyu, Chairman. With a clear division of labor and segregation of duties between the executive directors, the deviation does not hinder the effectiveness of checks and balances, given the nature and size of the Company's business. The Board will review the current structure from time to time and shall make necessary arrangements when the Board considers appropriate.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions by the Directors. The Company confirms that, having made specific enquiries with all Directors of the Company, all Directors confirmed that they have complied with the required standards set out in the Model Code and its own code of conduct regarding directors' securities transaction throughout the six months ended 30 June 2014.

Audit Committee

As at 30 June 2014, the audit committee of the Company comprised three independent non-executive directors, namely Mr. Lam Tin Faat, Mr. Chung Wai Man and Mr. Lu Zhiwei. The primary duties of the audit committee of the Company are mainly to make recommendations to the Board on the appointment, re-appointment and removal of external auditor, the review of the financial statements and material advice in respect of financial reporting and the oversight of internal control procedures of the Group.

Review of Interim Results

The audit committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2014 and has recommended their adoption to the Board.

In addition, the Company's auditor, ZHONGHUI ANDA CPA Limited, has also reviewed this unaudited interim financial information.

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2014.

Publication of the Unaudited Consolidated Interim Results and 2014 Interim Report on the Websites of the Stock Exchange and the Company

This interim results announcement is published on the HKExnews website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (http://www.hkexnews.hk) and the Company's website (http://www.kingstonemining.com), and the 2014 Interim Report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

EXTRACT OF AUDITOR'S INDEPENDENT REVIEW REPORT

The unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2014 have been reviewed by the Company's auditor, ZHONGHUI ANDA CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The auditor's independent review report will be included in the interim report to shareholders.

The Company's auditor has qualified the Group's interim consolidated financial statements for the six months ended 30th June 2014, an extract of which is as follows:

Basis for qualified conclusion

Corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2013 was qualified because of the significance of the possible effect of the limitations on the scope of our audit on the impairment loss of RMB213,502,000 for the year ended 31 December 2013, details of which are set out in our audit report dated 28 February 2014. Accordingly, our opinion on the current period's consolidated financial statements is also qualified because of the possible effects of this matter on the comparability of the current period's figures and the corresponding figures.

Qualified conclusion

Based on our review, except for any adjustments that might have been found to be necessary concerning the matter as set out in the basis for qualified conclusion, nothing has come to our attention that cause us to believe that the interim financial information is not prepared in accordance with IAS 34.

By Order of the Board
China Kingstone Mining Holdings Limited
Liu Hongyu
Chairman

Hong Kong, 22 August 2014

As at the date of this announcement, the Board comprises Mr. Liu Hongyu, Ms. Zhang Cuiwei, Mr. Zhu Hongjun and Mr. Zhang Jianzhong as executive directors, and Mr. Chung Wai Man, Mr. Lam Tin Faat and Mr. Lu Zhiwei as independent non-executive directors.