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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

	Year ended 31 December			
	2014	2013	Change	
Revenue *(RMB'000)*	18,178	7,124	+11,054	+155.2%
Loss for the year *(RMB'000)*	(28,608)	(256,305)	N/A	N/A
Basic Loss per share *(RMB cents)*	(1.42)	(13.16)	N/A	N/A

The board of directors (the "Board") of China Kingstone Mining Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014 together with the comparative figures for the corresponding period in 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
REVENUE	3	**18,178**	7,124
Cost of sales		**(9,125)**	(3,513)
Gross profit		**9,053**	3,611
Other income and gains	4	**4,986**	2,786
Selling and distribution costs		**(1,987)**	(2,382)
Administrative expenses		**(38,732)**	(39,867)
Impairments of various assets	5	**(2,569)**	(213,502)
Written-off of property, plant and equipment		–	(1,797)
Finance costs	6	**(2,523)**	(263)
LOSS BEFORE TAX	7	**(31,772)**	(251,414)
Income tax credit/(expense)	8	**3,164**	(4,891)
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(28,608)**	(256,305)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of non-PRC operations		**118**	(1,028)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(28,490)**	(257,333)
LOSS PER SHARE *(RMB cents)*	9		
– Basic and diluted		**(1.42)**	(13.16)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Notes	**2014** **RMB'000**	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**170,696**	172,796
Intangible assets	*11*	**54,073**	54,076
Prepaid land lease payments		**2,325**	2,362
Deposit paid for acquisition of investment		**27,696**	–
Deferred tax assets		**179**	179
		254,969	229,413
CURRENT ASSETS			
Inventories		**1,135**	5,241
Trade receivables	*12*	**62,397**	50,179
Prepayments, deposits and other receivables	*13*	**9,978**	16,377
Cash and cash equivalents		**15,858**	30,315
		89,368	102,112
CURRENT LIABILITIES			
Trade payables	*14*	**1,369**	1,393
Interest-bearing loan	*16*	**7,913**	–
Obligation under finance lease		**192**	–
Other payables and accruals	*15*	**27,552**	36,665
		37,026	38,058
NET CURRENT ASSETS		**52,342**	64,054
TOTAL ASSETS LESS CURRENT LIABILITIES		**307,311**	293,467
NON-CURRENT LIABILITIES			
Obligation under finance lease		**687**	–
Interest-bearing loan	*16*	**–**	19,698
Provision for rehabilitation		**2,697**	2,428
Deferred income		**131**	194
Deferred tax liabilities		**3,462**	3,462
		6,977	25,782
NET ASSETS		**300,334**	267,685
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**201,996**	164,106
Reserves		**98,338**	103,579
Total equity		**300,334**	267,685

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. BASIS OF PREPARATION

The consolidated financial statements of China Kingstone Mining Holdings Limited have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which include all applicable individual International Financial Reporting Standards, International Accounting Standards ("IAS") and interpretations, and applicable disclosure requirements of the Hong Kong Companies Ordinances and applicable disclosure requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements have been prepared under the historical cost convention.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, 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. 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 year and prior years.

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 new and revised IFRSs would have a material impact on its results of operations and financial position.

3. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue represents the net invoiced value of goods sold, net of trade discounts and returns and various types of government surcharges, where applicable.

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 People's Republic of China (the "PRC"). Accordingly, no segment analysis is presented other than entitywide 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 year:

	2014		2013	
	RMB'000	***%***	*RMB'000*	*%*
Marble blocks	**7,891**	**43.4%**	4,304	60.4%
Marble slabs	**6,975**	**38.4%**	2,521	35.4%
Marble slags	**3,312**	**18.2%**	299	4.2%
	18,178	**100%**	7,124	100%

Information about major customers

Revenue from major customers, each of whom accounted for 10% or more of the total revenue is set out below:

	2014	2013
	RMB'000	*RMB'000*
Customer A	**7,736**	–
Customer B	**2,308**	–
Customer C	**2,137**	–
Customer D	**2,006**	–*
Customer E	**–**	2,621
Customer F	**–**	2,145

* Less than 10% of total revenue of the Group.

4. OTHER INCOME AND GAINS

	2014	2013
	RMB'000	*RMB'000*
Interest income	**20**	43
Rental income	**834**	–
Reversal of provision for litigation	**2,430**	–
Reversal of provision for inventories (note a)	**1,015**	–
Gain on disposal of a subsidiary	**–**	2,576
Miscellaneous	**687**	167
	4,986	2,786

Note

(a) The net realisable value of certain inventories had been improved during the year and therefore provision for inventories made in prior years was reversed.

5. IMPAIRMENTS OF VARIOUS ASSETS

	2014	2013
	RMB'000	*RMB'000*
Impairment on investment in an associate	–	16,242
Impairment of loans to an associate	–	72,000
Impairment of trade receivables	**2,569**	53,878
Impairment of prepayments, deposits and other receivables	–	61,016
Impairment on goodwill	–	2,966
Impairment on intangible assets	–	7,400
	2,569	213,502

6. FINANCE COSTS

	2014	2013
	RMB'000	*RMB'000*
Finance leases charges	**10**	–
Bank notes discount interests	**2**	–
Interest on other loan		
– Wholly repayable within five years	**2,511**	263
	2,523	263

7. LOSS BEFORE TAX

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

	2014	2013
	RMB'000	*RMB'000*
Cost of inventories sold	**9,125**	3,513
Staff costs (including directors' remuneration):		
Wages and salaries	**10,586**	11,062
Equity-settled share option expense	**5,176**	–
Pension scheme contributions		
– Defined contribution scheme	**654**	524
Other staff benefits	**920**	424
	17,336	12,010
Less: Staff costs capitalised	**(243)**	(223)
	17,093	11,787

	Notes	2014 RMB'000	2013 RMB'000
Auditors' remuneration		**566**	584
Amortisation of intangible assets		**3**	3
Amortisation of prepaid land lease payments		**37**	33
Depreciation of items of property, plant and equipment		**7,620**	8,783
Less: depreciation capitalised		**(3,322)**	(3,117)
		4,298	5,666
Foreign exchange loss		**85**	968
Operating lease rentals for office		**5,439**	5,315
Loss of inventories		**–**	856
Loss on disposal of property, plant and equipment		**1,636**	–
Written-off of property, plant and equipment		**–**	1,797
Impairment of various assets		**2,569**	213,502

8. INCOME TAX (CREDIT)/EXPENSE

	2014 RMB'000	2013 RMB'000
Current — the PRC		
– Charge for the year	**–**	410
– Over-provision in prior year	**(3,164)**	–
Deferred tax	**–**	4,481
	(3,164)	4,891

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 both years.

The reconciliation between the income tax for the year and the loss before tax multiplied by the tax rate in the PRC is as follows:

	2014 RMB'000	2013 RMB'000
Loss before tax	**(31,772)**	(251,414)
Tax at the applicable tax rate of companies within the Group	**(7,943)**	(62,854)
Non-taxable income	**(608)**	–
Expenses not deductible for tax	**1,152**	61,491
Effect on different tax rate of subsidiaries	**844**	–
Over-provision in prior year	**(3,164)**	–
Tax loss not recognised	**6,555**	6,254
Tax at the Group's effective rate	**(3,164)**	4,891

At 31 December 2014, the Group has unused tax losses of approximately RMB56,569,000 (2013: RMB30,349,000) available indefinitely for offset against future profits. No deferred tax asset (2013: nil) has been recognised in respect of such tax losses, due to the unpredictability of future profit streams.

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to equity holders of the Company is based on the loss for the year attributable to equity holders of the Company of approximately RMB28,608,000 (2013: RMB256,305,000) and the weighted average number of 2,012,561,000 (2013: 1,947,812,000) ordinary shares in issue during the year.

(b) Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the year ended 31 December 2014 and 2013.

10. DIVIDEND

The Board does not recommend the payment of any dividend for each of the years ended 31 December 2014 and 2013.

11. INTANGIBLE ASSETS

	Mining rights *RMB'000*
COST:	
At 1 January 2013	71,259
Disposal of a subsidiary	(8,474)
At 31 December 2013 and 31 December 2014	62,785
ACCUMULATED AMORTISATION AND IMPAIRMENT:	
At 1 January 2013	1,306
Provided for the year	3
Impariment loss	7,400
At 31 December 2013	8,709
Provided for the year	3
At 31 December 2014	8,712
CARRYING AMOUNTS:	
At 31 December 2014	54,073
At 31 December 2013	54,076

The mining rights represent rights for the mining of marble reserves in the Zhangjiaba Mine which is located in Jiangyou County, Sichuan Province, the PRC. The Mine is operated by the Company's indirectly wholly-owned subsidiary, Sichuan Jiangyou Jinshida Stone Co., Ltd. ("Sichuan Jinshida"). The local government granted mining permits to Sichuan Jinshida for a term of 10 years ending 1 February 2021.

The Group carried out reviews of the recoverable amount of its intangible assets in 2014. The Group's intangible assets are used in the Group's sale of marble and marble related products cash generating unit (the "Sichuan Jinshida CGU"). The recoverable amount has been determined based on a value-in-use calculation, with reference to the valuation prepared by an independent professional valuer, Greater China Appraisal Limited. That calculation uses cash flow projections based on the financial budgets covering a 5-year period approved by the management. For the periods after the financial budgets the growth rate of the production capacity is assumed to be slowed down steadily until the maximum capacity allowed under the license. The growth rate of cash flow in the long run are extrapolated using a steady growth rate of 3%. The pre-tax discount rate used for estimating the value-in-use is 22.98%. Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the Sichuan Jinshida CGU's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Sichuan Jinshida CGU to exceed the aggregate recoverable amount of Sichuan Jinshida CGU.

No impairment loss has been recognised for the year ended 31 December 2014 (2013: RMB7,400,000).

12. TRADE RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**118,844**	104,057
Less: impairment *(note 5)*	**(56,447)**	(53,878)
	62,397	50,179

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

	2014	2013
	RMB'000	*RMB'000*
0 to 90 days	**2,933**	3,216
91 to 180 days	**5,326**	–
181 to 365 days	**6,668**	–
Over 1 year	**47,470**	46,963
	62,397	50,179

Reconciliation of allowance for trade receivables:

	2014	2013
	RMB'000	*RMB'000*
At beginning of year	**53,878**	18,000
Allowance for the year	**2,569**	53,878
Amount written off	**–**	(18,000)
At end of year	**56,447**	53,878

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. Trade receivables are non-interest-bearing.

As at 31 December 2014, trade receivables of RMB47,470,000 (2013: RMB46,963,000) were past due but not impaired, among which RMB46,963,000 were secured by certain properties and the Group has been taking legal actions to recover these trade receivables.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Details of the prepayments, deposits and other receivables are as follows:–

	2014	2013
	RMB'000	*RMB'000*
Prepayments for the purchase of raw materials	**2,060**	61,049
Deposits	**6,150**	6,242
Others	**1,768**	10,102
Less: Impairments	**–**	(61,016)
	9,978	16,377

14. TRADE PAYABLES

Trade payables are non-interest-bearing and are normally settled in 180 days. An ageing analysis of trade payables, based on the invoice date, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Outstanding balances with ages:		
Within 180 days	**–**	71
Over 180 days	**1,369**	1,322
	1,369	1,393

15. OTHER PAYABLES AND ACCRUALS

	2014	2013
	RMB'000	*RMB'000*
Advances from customers	**2,584**	10
Payable relating to:		
Construction contracts	**8,284**	9,352
Taxes other than income tax	**4,531**	1,918
Payroll and welfare	**4,699**	4,405
Interest payable	**101**	262
Acquisition of an associate	**1,500**	1,500
Deposits received	**282**	110
Payable for rehabilitation	**–**	268
Provision for litigation	**700**	3,524
Others	**4,870**	15,316
	27,551	36,665

16. INTEREST-BEARING LOAN

	2014	2013
	RMB'000	*RMB'000*
Unsecured – within one year	**7,913**	–
Unsecured – over one year	**–**	19,698
	7,913	19,698

As at 31 December 2014, the unsecured loan of RMB7,913,000 (2013: RMB19,698,000) bears interest at a fixed rate of 15% per annum. The loan was granted by Kinwin International Company Limited ("Kinwin") on 29 November 2013 and is repayable in eighteen months following the resumption of trading of the Company's shares on the Stock Exchange (i.e. 9 April 2014) or in the twenty-fourth month, whichever is earlier.

Kinwin is legally and beneficially owned by Mr. Wang Minliang. On 28 November 2014, the subscription of 378,867,000 shares of the Company by Jiang Tong Investment Limited ("Jiang Tong") was completed and Jiang Tong is legally and beneficially owned by Mr. Wang Minliang. At the date of completion of the subscription, the outstanding principal amount under the loan agreement was RMB7,913,000 (equivalent to approximately HK$10,000,000). The loan constitutes a continuing connected transaction of the Company under the Listing Rules.

Interest paid to Kinwin during the year amounted to RMB2,511,000 (2013: RMB 263,000). Interest paid to Kinwin since 28 November 2014 (the date Jiang Tong became a substantial shareholder of the Company) to 31 December 2014 was amounted to RMB111,000. As at 31 December 2014, interest payable to Kinwin of RMB101,000 (2013: RMB262,000) was included in other payables and accruals.

The carrying amount of the interest-bearing loan approximates their fair value.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The Company's independent auditor has qualified the Group's consolidated financial statements for the year ended 31 December 2014, an extract of which is as follows:

Basis for qualified opinion

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 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 year's consolidated financial statements is also qualified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

Qualified opinion

In our opinion, except for the possible effect of the matter as described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2014, and of the Group's results and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SCOPE OF WORK OF THE GROUP'S AUDITOR

The figures in this preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited ("ZHONGHUI ANDA") to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2014. The work performed by ZHONGHUI ANDA in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA on the preliminary announcement.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2014 (2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Production and Sales Volume

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

	Year ended 31 December		
	2014	2013	Change
Production volume:			
Marble blocks mined *(cubic meter)*	**243**	88	+176.1%
Marble slabs processed *(square meter)*	**34,455**	–	N/A
Sales volume:			
Marble blocks *(cubic meter)*	**6,217**	1,954	+218.2%
Marble slabs *(square meter)*	**68,532**	20,314	+237.4%
Marble slags *(tonnes)*	**632,607**	99,904	+533.2%
Average selling prices:			
Marble blocks *(RMB per cubic meter)*	**1,269**	2,203	-42.4%
Marble slabs *(RMB per square meter)*	**102**	123	-17.1%
Marble slags *(RMB per tonnes)*	**5**	3	+66.7%

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, the PRC, 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 dated 7 March 2011).

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 year, the Zhangjiaba mine produced approximately 243 cubic meter (2013: 88 cubic meter) of marble stone from the east mining zone. The Group also carried out the stripping of overburden materials at the surface of the west mining zone. The process of quarrying and stripping produced approximately 633,000 tonnes (2013: 100,000 tonnes) of the mining slags. During the year ended 31 December 2014, the aggregate expenditure of the mining operation of the Group was approximately RMB6.2 million (2013: RMB7.0 million), which mainly included depreciation on property, plant and equipment of approximately RMB4.7 million (2013: RMB6.3 million), staff cost of approximately RMB0.7 million (2013: RMB0.2 million), fuel consumption of approximately RMB0.2 million (2013: RMB0.2 million), water and electricity costs of approximately RMB0.2 million (2013: RMB0.1 million) and repair and maintenance costs of approximately RMB0.1 million (2013: RMB0.2 million).

During the year ended 31 December 2014, the Group has not entered into any new contract and did not have any commitment relating to infrastructure projects, subcontracting arrangements and purchase of equipment.

Material Acquisitions and Disposals of Subsidiaries

On 29 July 2014, the Group entered into a sale and purchase agreement in relation to an acquisition of entire interest of China Fortune Investment Holdings Limited, which indirectly wholly owned three units of commercial properties located in Taihe Plaza, No. 333 Zhongshan East Road, Zhenjiang, Jiangsu Province, the PRC, with total gross floor area of approximately 9,660.78 square meter. The Company expects that the completion will be made on or before 30 June 2015. 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.

Financial Review

Revenue and Gross Profit

The Group's revenue increased by RMB11.1 million or 156.3% to RMB18.2 million in 2014 from RMB7.1 million in 2013. The increase in revenue was primarily due to an increase in sales volume of marble blocks from 1,954 cubic meter in 2013 to 6,217 cubic meter in 2014 and an increase in sales volume of marble slabs from 20,314 square meter to 68,532 square meter, representing an increase of 218.2% and 237.4%, respectively as compared to those for last year. During the year under review, the sales of marble blocks and slabs were substantially generated from the existing inventory, resulting in the lower selling price in average.

Sales of marble slags also increased by approximately 10 times from RMB0.3 million in 2013 to RMB3.3 million in 2014. The increase was primarily due to an increase in the production and sales of marble slags in the process of stripping of overburden and mining.

Gross profit increased by RMB5.5 million or 152.8% to RMB9.1 million in 2014 from RMB3.6 million in 2013. The increase was primarily due to an increase in sales volume of the marble products. Gross profit margin decreased by 0.9 percentage points from 50.7% to 49.8%. 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 decreased from RMB2.4 million in 2013 to RMB2.0 million in 2014. The decrease was primarily due to a decrease in the cost of warehouse, resulting from a decrease in inventory.

Administrative expenses

Administrative expenses decreased from RMB39.9 million in 2013 to RMB38.7 million in 2014. The decrease was primarily due to a decrease by RMB3.2 million in written-off of the expenditure of the mining operations, resulting from the suspension of the production in 2013 and a decrease by RMB5.9 million in legal and professional fee in relation to the share resumption of the company, but offsetting by an increase of RMB5.2 million in employee share option expenses.

Loss for the period

The Group recorded a loss of RMB28.6 million in 2014 as compared to a loss of RMB256.3 million in 2013, as a result of a combined effect of (i) an improvement in sales performance in 2014; (ii) a decrease by RMB112.4 million of impairment losses, arising from certain trade receivables and prepayments, deposits and other receivables as compared to that in 2013; (iii) an impairment loss of RMB88.2 million, arising from equity interest in an associate and loan to the associate, was recognised in 2013; (iv) an impairment loss of RMB3.0 million on goodwill in 2013; (v) a gain of RMB2.6 million on disposal of a subsidiary which owns Tujisi mine in 2013; and (vi) share option expenses of RMB5.2 million was recognized in 2014.

Liquidity and Capital Resources

As at 31 December 2014, the Group's total equity interests was RMB300.3 million (31 December 2013: RMB267.7 million), representing an increase of 12.2%. The increase was mainly attributable to an increase of RMB56.0 million in proceeds from the issue of share capital, offsetted by a loss of RMB28.6 million incurred for the year.

As at 31 December 2014, the Group had cash and bank balances of RMB15.9 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 approximately RMB52.3 million (31 December 2013: RMB64.1 million). The current ratio, represented by current assets divided by current liabilities, was approximately 2.4 (31 December 2013: 2.7).

Capital Expenditure

The Group's capital expenditure was amounted to RMB7.7 million during 2014, which was primarily related to purchases of property, plant and equipment, including construction of mining infrastructure.

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 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 31 December 2014, the Group had a total of 72 (31 December 2013: 61) employees in the Group. The total staff cost, including Directors' emoluments, share options benefit and pension scheme contribution, was approximately RMB17.3 million (2013: RMB12.0 million) in 2014.

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.

PROSPECTS

Despite the volatility of the property market, the construction material sector accounts for a large part of the PRC's domestic economy. Though the demand of marble stone products was currently not strong and this made the price pressure, the management considers that the prosperity of the marble product business is still positive. The Group will continue to consolidate the production operation and build up a broader customer base. The ultimate aim is to achieve full coverage of supply chain of the marble products.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries or holding company or subsidiaries of the holding company had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct for dealing in securities of the Company by the directors of the Company (the "Directors" or "Director" refers any of them). Having made specific enquiry to all the Directors, they confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the year ended 31 December 2014.

CORPORATE GOVERNANCE PRACTICES

The Company strives to attain and maintain high standards of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders. The Board believes that high standards of corporate governance provide a framework and solid foundation for the Group to safeguard the interests of shareholders and other stakeholders and enhance the shareholders' value.

The Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2014 except for a deviation from code provision A2.1 of the CG Code.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. In the year 2014, there is no officer carrying the title of CEO. The duties of CEO are undertaken by executive Directors, namely Mr. Liu Hongyu ("Mr. Liu"), Ms. Zhang Cuiwei, Mr. Zhu Hongjun and Mr. Zhang Jianzhong, collectively. Although the responsibility of chairman and part of the responsibility of CEO are vested in Mr. Liu, all major decisions are made in consultation with other Directors and the senior management of the Company. The Board considers that there is sufficient balance of power and the current arrangement maintains a strong management position of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company received from each of its independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board has reviewed the independent non-executive Directors and considered that all of them are independent under the definition of the Listing Rules.

The Company complied with the requirements under Rule 3.10(1), 3.10(2) and 3.10A of the Listing Rules during the year ended 31 December 2014.

AUDIT COMMITTEE

The audit committee of the Company, which consists of three members, all of whom are independent non-executive Directors, has reviewed the Group's consolidated financial statements for the year ended 31 December 2014, including the accounting principles and practices adopted by the Group and discussed with auditors in relation to the internal control and financial reporting matters of the Group.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2014 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the website of the Stock Exchange (http://www.hkex.com.hk) and the Company's website (www.kingstonemining.com), and the 2014 Annual 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.

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

Hong Kong, 27 March 2015

As at the date of this announcement, the Board of the Company comprises Mr. Zhu Hongjun, Mr. Liu Hongyu, Ms. Zhang Cuiwei 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.