KINGSTONE
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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 2015

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 2015 together with the comparative figures for the corresponding period in year 2014.

	Six months ended 30 June			
	2015	2014	Change	
	(unaudited)	(unaudited)		
Revenue *(RMB in thousand)*	**2,637**	10,336	-7,699	-74.5%
Loss for the period *(RMB in thousand)*	**(69,083)**	(15,085)	-53,998	N/A
Basic loss per share *(RMB cents)*	**(2.24)**	(0.61)	-1.63	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2015

	Notes	For the six months ended 30 June 2015 RMB'000 (unaudited)	2014 RMB'000 (unaudited)
REVENUE	4	**2,637**	10,336
Cost of sales		**(2,049)**	(3,456)
Gross profit		**588**	6,880
Other income and gains	5	**359**	131
Selling and distribution costs		**(228)**	(1,107)
Administrative expenses		**(27,513)**	(21,009)
Impairment of various assets	6	**(44,082)**	–
OPERATING LOSS		**(70,876)**	(15,105)
Finance costs	7	**(604)**	(1,477)
LOSS BEFORE TAX		**(71,480)**	(16,582)
Income tax credit	8	**2,397**	1,497
LOSS FOR THE PERIOD	9	**(69,083)**	(15,085)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of non-PRC operations		**(96)**	(128)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(69,179)**	(15,213)
			(restated)
Loss per share *(RMB cents)*:			
– Basic and diluted	10	**(2.24)**	(0.61)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	**30 June 2015** *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**135,800**	170,696
Intangible assets		**43,767**	54,073
Prepaid land lease payments		**1,868**	2,325
Deposit paid for acquisition of investment		**27,489**	27,696
Deferred tax assets		**–**	179
		208,924	254,969
CURRENT ASSETS			
Inventories		**1,117**	1,135
Trade receivables	*12*	**61,554**	62,397
Prepayments, deposits and other receivables		**8,412**	9,978
Secured senior loan note	*13*	**59,913**	–
Cash and cash equivalents		**32,806**	15,858
		163,802	89,368
CURRENT LIABILITIES			
Trade payables	*14*	**1,368**	1,369
Other payables and accruals		**31,884**	27,552
Obligation under finance lease		**195**	192
Interest-bearing loan		**7,854**	7,913
		41,301	37,026
NET CURRENT ASSETS		**122,501**	52,342
TOTAL ASSETS LESS CURRENT LIABILITIES		**331,425**	307,311

	Notes	**30 June 2015** *RMB'000* **(unaudited)**	31 December 2014 *RMB'000* (audited)
NON-CURRENT LIABILITIES			
Obligation under finance lease		**583**	687
Provision for environmental rehabilitation		**2,697**	2,697
Deferred income		**124**	131
Deferred tax liability		**886**	3,462
		4,290	6,977
NET ASSETS		**327,135**	300,334
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**297,294**	201,996
Reserves		**29,841**	98,338
Total equity		**327,135**	300,334

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 ("Interim Financial Statements") have been prepared in accordance with International Accounting Standard 34 ("IAS 34") issued by the International Accounting Standards Board and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

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 2014 ("2014 Annual Report").

2. 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 the 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 2014.

3. 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 2014 Annual Report of the Company.

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for its accounting year beginning on 1 January 2015. 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 new and revised IFRSs would have a material impact on its results of operations and financial position.

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 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 period:

	For the six months ended 30 June			
	2015		2014	
	RMB'000	*%*	*RMB'000*	*%*
	(unaudited)		(unaudited)	
Marble blocks	**–**	**0.0%**	4,082	39.5%
Marble slabs	**2,200**	**83.4%**	3,787	36.6%
Marble slags	**437**	**16.6%**	2,467	23.9%
	2,637	**100.0%**	10,336	100.0%

5. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Bank interest income	**4**	14
Machinery rental income	**234**	–
Miscellaneous	**121**	117
	359	131

6. IMPAIRMENT OF VARIOUS ASSETS

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Impairment on marble mining operation		
– property, plant and equipment	**31,434**	–
– intangible assets	**10,306**	–
– prepaid land lease payments	**440**	–
	42,180	–
Impairment on trade receivables	**711**	–
Impairment on secured senior loan note	**1,191**	–
	44,082	–

7. FINANCE COSTS

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Finance leases charges	**18**	–
Bank notes discount interests	**1**	–
Interest on other loan		
– Wholly repayable within five years	**585**	1,477
	604	1,477

8. INCOME TAX CREDIT

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current – the PRC		
– Charge for the period	**–**	–
– Under-provision in prior years	**–**	–
Deferred tax	**(2,397)**	(1,497)
	(2,397)	(1,497)

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 2015 and 2014.

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/(crediting):

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of items of property, plant and equipment	**2,270**	4,004
Less: depreciation capitalised	**–**	(1,724)
	2,270	2,280
Amortisation of intangible assets	**–**	2
Amortisation of prepaid land lease payments	**17**	20
Loss on disposal of property, plant and equipment	**434**	1,490

10. LOSS PER SHARE

(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 2015 attributable to owners of the Company of approximately RMB69,083,000 (six months ended 30 June 2014: RMB15,085,000) and the weighted average number of 3,086,305,000 (six months ended 30 June 2014: 2,476,722,000 as adjusted to reflect the open offer effective on 29 June 2015) ordinary shares in issue during the period.

(b) Diluted loss per share

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2015 and 2014.

11. DIVIDEND

The Directors do not recommend the payment of any dividend for each of the six months ended 30 June 2015 and 2014.

12. TRADE RECEIVABLES

	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
Trade receivables	**118,712**	118,844
Less: impairment	**(57,158)**	(56,447)
	61,554	62,397

An aged 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:

	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
0 to 90 days	**193**	2,933
91 to 180 days	**28**	5,326
181 to 365 days	**8,128**	6,668
Over 1 year	**53,205**	47,470
	61,554	62,397

Reconciliation of allowance for trade receivables:

	30 June 2015 RMB'000 (unaudited)	31 December 2014 RMB'000 (audited)
At beginning of period/year	**56,447**	53,878
Allowance for the period/year	**711**	2,569
At end of period/year	**57,158**	56,447

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 30 June 2015, trade receivables of RMB53,205,000 (as at 31 December 2014: RMB47,470,000) were past due but not impaired, among which RMB46,963,000 were secured by certain properties and the Group has been taking legal actions since year 2012 to recover these trade receivables. Such receivables were related to sales transactions occurred in year 2011. On 5 September 2011, a subsidiary of the Group entered into a sales contract with a customer, Ordos Zhengding Property Development Co., Ltd ("Zhengding") for the sale of marble slabs and lime stone for an aggregate of RMB352,500,000 ("Zhengding Contract"). On 28 September 2011, the Group and Zhengding entered into a pledge agreement, pursuant to which Zhengding pledged its asset in Erdos, Inner Mongolia (the "Pledged Property") as security for the Zhengding Contract ("Zhengding Pledge"). The Group had delivered RMB67,730,000 worth of stone materials to Zhengding on the same date as the Zhengding Pledge.

Zhengding failed to repay the trade receivables. On 15 October 2012, the Group issued a letter to Zhengding to chase for repayment and filed law suit to the Guangzhou Intermediate Court, which issued a writ on 2 November 2012 to notify the parties for a first hearing to be held on 7 January 2013. Zhengding agreed to repay the outstanding amount under the Zhengding Contract during the hearing and therefore an agreement was reached in court and the court order for the settlement by the parties was issued on 25 January 2013 ("Settlement Order"). Pursuant to the Settlement Order, as Zhengding had already settled RMB16,773,000 of the amount due, it has ordered for Zhengding to settle the remaining RMB50,957,000 due in three instalments before 30 April 2013. The difference between the carrying amount of this receivables in the accounts of the Group at RMB46,963,000 and the Settlement Order amount of RMB50,957,000 was due to non-recognition by the Group of an unearned financing income of RMB3,994,000 in its accounts. However, Zhengding again failed to honor the settlement amount due. On 11 April 2013, the Group through its PRC legal adviser approached legal representative of Zhengding, which agreed to repay but requested for longer repayment period to enable it to raise sufficient fund for repayment.

The Company filed petition to Guangzhou Intermediate Court for enforcement of the Pledged Property and was endorsed by the Guangzhou Intermediate Court. On 26 June 2013, a court order was issued in favour of the Company to seal the Pledged Property and the Pledged Property was sealed by the Guangzhou Intermediate Court on 17 July 2013.

According to the valuation obtained by the Group from an independent professional valuer, the Pledged Property was valued at an amount higher than the amount of trade receivables from Zhengding. The Group is in the process of taking procession of the Pledged Property and management consider no impairment is required at 30 June 2015.

Other than the above, for the remaining trade receivables of RMB6,953,000 which were past due with age over one year, a provision of RMB711,000 was made during the six months ended 30 June 2015 after management's consideration of the relationship with the customers and their settlement histories.

13. SECURED SENIOR LOAN NOTE

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Secured senior loan note	**61,104**	–
Less: impairment	**(1,191)**	–
	59,913	–

Note

a) On 13 May 2015, the Group entered into the sale and purchase agreement with a vendor, to acquire a secured senior loan note ("Loan Note") of nominal amount of US$10,000,000 (equivalent to approximately RMB61,104,000) issued by Magnificent Century Limited (the "Note Issuer"). The total issued amount of the Loan Note is US$45,000,000. The Loan Note carries interest at the interest rate of 10% per annum payable semi-annually in arrears and was issued on 10 August 2012 for a period of three years with a maturity date on 7 August 2015 (the "Maturity Date"). The Loan Note may be redeemed by the Note Issuer in part in principal amount of up to 75% of the total principal amount outstanding at any time after twelve months after the date of issue of the Loan Note and prior to the Maturity Date at the principal amount of the Loan Note plus all interest accrued thereon and unpaid as at the date of redemption.

The Loan Note was guaranteed by two guarantors, Dragon Canal International Holdings Limited and Golden Dragon Century Limited and secured by the charges of shares in Note Issuer's subsidiary in the PRC (the "Security"). To the best knowledge, information and belief of the directors having made all reasonable enquiry, each of the vendor, the Note Issuer, the guarantors and their respective ultimate beneficial owners is an independent third party.

The Note Issuer failed to repay the Loan Note by the Maturity Date. The details can be referred to the Company's announcement dated 9 August 2015. The Group is currently seeking legal advice as to the appropriate course of action in respect of the said event of default under the Loan Note. According to the terms of the instrument of the Loan Note (the "Instrument"), the Group is not entitled to enforce its rights under the Instrument against the Issuer and/or the guarantors without the prior written consent of the noteholder whose holdings of the Loan Notes represents more than 50% of the principal amount of all the Loan Notes created by the Instrument then outstanding. As at the date of this Interim Financial Statements, all noteholders are in the process of exploring the possible actions to be taken in respect of the said event of default.

The directors have been assessing the recoverable amount of the Loan Note with reference to a valuation on the Security obtained from an independent professional valuer. Based on the valuation provided by the independent professional valuer, the recoverable amount of the Loan Note was RMB59,913,000. Comparing with the cost of the Loan Note of RMB61,104,000, there is a shortfall of RMB1,191,000. As such, the Group recorded an impairment loss of RMB1,191,000 on the Loan Note for the six months ended 30 June 2015.

14. TRADE PAYABLES

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

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Outstanding balances with ages:		
Over 180 days	**1,368**	1,369

15. EVENTS AFTER THE END OF THE REPORTING PERIOD

Other than disclosed elsewhere in the Interim Financial Statements, the Group has the following event after the end of the reporting period:

On 13 July 2015, Royal Moon International Company Limited ("Royal Moon"), the underwriter of the open offer announced by the Company on 14 May 2015, issued a writ of summons at the High Court of the Hong Kong Special Administrative Region (the "Writ") against the Company. Pursuant to the Writ, Royal Moon claims against the Company, amongst others, a sum of not less than HK$150,000,000 being damages for breach of a written underwriting agreement made between Royal Moon and the Company dated 13 May 2015. The Company has filed acknowledgement of service of writ of summons to contest the proceedings and has been seeking legal advice in relation to the Writ.

Based on the legal opinion obtained from the Company's lawyers, the lawyers are not aware of any possible contingent liability by or against the Company during the period from 1 January 2015 to the date of this Interim Financial Statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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 certificate issued by China Stone Material Association in August 2010.

Production and Sales Volume

Despite the major loosening of the mortgage lending restriction by the PRC government in September 2014, the market sentiment on property sector is likely to be pessimistic throughout the first half of the year 2015. The property prices were falling persistently in most of cities in the PRC. The PRC's property developers were responding to slower sales and rising inventories by slowing new construction. The Group's sales of marble stone were facing great challenge due to the weak demand of construction materials. In addition, the marble stone deposit in the current layer of mine is still highly cracked. The quality of marble output cannot fulfill the requirement of the existing customers. As a result, sales of marble blocks and marble slabs significantly declined during the six months ended 30 June 2015 ("HY15") as compared with those for the six months ended 30 June 2014 ("HY14"). The revenue of the Group relied on the sales of marble slags through the stripping of overburden and the cracked limestone and sourcing the marble slabs from other suppliers for the Group's customers during HY15.

Marble slag produced by the cracked marble stones and through the stripping of overburden of the mine is the raw materials of the ground and composite calcium carbonate. Sales of marble slags contribute a relatively stable income to the Group. During HY15, the limits of loading weight and dimensions of the heavy vehicle are tightening in Jiangyou City, the PRC, resulting in a significant increase in the cost of transportation. It imposes pressure on the sales of the marble slags in terms of both its volume and price.

The summarized production and sales volume are set out below:

	Six months ended 30 June		
	2015	2014	Change
Production volume:			
Marble blocks mined *(cubic meter)*	–	175	-100%
Marble slabs processed *(square meter)*	–	–	N/A
Marble slags produced *(tonnes)*	**72,264**	410,581	-82.4%
Sales volume:			
Marble blocks *(cubic meter)*	–	3,847	-100%
Marble slabs *(square meter)*	**6,867**	39,089	-82.4%
Marble slags *(tonnes)*	**72,264**	410,581	-82.4%
Average selling prices:			
Marble blocks *(RMB per cubic meter)*	–	984	-100%
Marble slabs *(RMB per square meter)*	**320**	104	208%
Marble slags *(RMB per tonnes)*	**6**	6	–

Exploration, Development and Production Activities

There was no geological exploration activity during HY15 as the Group focuses on the development and mining at the Zhangjiaba mine during the period. 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 eastern mining zone and the western mining zone. During HY15, the Group was mining the relatively upper benches of the eastern mining zone. The limestone deposit in this area is still cracked and the quality of the marble stone in terms of the color and pattern is not satisfactory. The Group has no choice to turn the process of mining from the production of the marble blocks to the stripping at the eastern mining zone. It is expected that the further development of the mine to lower benches will be required for large block production. In the current circumstances, the Group may not have the marble blocks and marble slabs produced until the end of the year 2015. At the same time, the Group has also been carrying out the stripping of overburden materials at the surface of the western mining zone.

During HY15, the aggregate expenditure of the mining operation of the Group was approximately RMB0.2 million (HY14: RMB2.6 million), which mainly included depreciation on property, plant and equipment of Nil (HY14: RMB1.8 million), staff costs of approximately RMB0.1 million (HY14: RMB0.1 million) and repair and maintenance costs of approximately RMB0.08 million (HY14: RMB0.07 million).

During HY15, the Group has not entered into any contracts and did not have any commitment relating to infrastructure projects, subcontracting arrangements and purchase of equipment.

FINANCIAL REVIEW

Revenue and Gross Profit

The Group's revenue decreased by approximately RMB7.7 million or 74.8% to approximately RMB2.6 million for HY15 from approximately RMB10.3 million for HY14. The decrease was primarily due to weak demand of construction material amidst the pessimistic market sentiment on property sector in the PRC. Furthermore, the marble stone deposit in the current layer of mine is still highly cracked. The quality of marble output cannot fulfill the requirement of the Group's existing customers.

Gross profit decreased by approximately RMB6.3 million or 91.3% to approximately RMB0.6 million for HY15 from approximately RMB6.9 million for HY14. The decrease was primarily due to an decrease of RMB4.1 million in sales of the marble blocks of the Group and decrease of approximately RMB2.4 million in write-back of the provision for obsolescence stock in previous years.

Selling and distribution expenses

Selling and distribution expenses decreased from approximately RMB1.1 million for HY14 to approximately RMB0.2 million for HY15. The decrease was primarily due to a reduction of promotion activities during HY15.

Administrative expenses

Administrative expenses increased from approximately RMB21.0 million for HY14 to approximately RMB27.5 million for HY15. The increase was primarily due to (i) an intermediary services fee of RMB4.3 million in relation to the Group's mining business incurred in HY15; (ii) additional legal and professional fee of approximately RMB4.4 million associate with a number of litigations; offset by (iii) a decrease of approximately HK$1.0 million of share option expenses and a decrease of approximately HK$0.8 million office rental expenses in Hong Kong upon the renewal of tenancy agreement in the end of year 2014.

Loss for the period

The Group recorded a loss of approximately RMB69.1 million for HY15 as compared to a loss of approximately RMB15.1 million for HY14, as a result of a combined effect of (i) a significantly decline in sales of marble products in HY15, (ii) an impairment loss of approximately RMB42.2 million arising from the marble mining operation of the Group were recognised during HY15, (iii) an impairment loss of approximately RMB1.2 million arising from loan note of nominal amount of US$10 million issued by Magnificent Century Limited which was in default on the maturity date (i.e. 7 August 2015), and (iv) an increase of administrative expenses by RMB6.5 million in HY15.

Liquidity and Capital Resources

As at 30 June 2015, the Group's total equity was approximately RMB327.1 million (31 December 2014: RMB300.3 million), representing an increase of 8.9%. The increase was mainly attributable to a net increase of approximately RMB92.4 million in share capital by issue of new shares under the open offer held on 25 June 2015, but offset by a net loss of approximately RMB69.1 million during HY15.

As at 30 June 2015, the Group had cash and bank balances of approximately RMB32.8 million (31 December 2014: RMB15.9 million). Cash and bank balances were mainly denominated in Hong Kong dollars and Chinese Renminbi ("RMB").

As at 30 June 2015, the Group's interest bearing loan, which was denominated in Hong Kong dollar, was approximately RMB7.9 million (31 December 2014: RMB7.9 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 0.02 (31 December 2014: 0.03).

As at 30 June 2015, the Group had available working capital facilities of approximately RMB7.9 million (31 December 2014: RMB7.9 million) under a loan agreement with a company which is wholly and beneficially owned by Mr. Wang Minliang, all of which was used. Mr. Wang Minliang indicates that this unsecured loan of RMB7.9 million falling due on 9 October 2015 can be extended if necessary. In addition, the Group obtained a new facility amounting to approximately RMB4.0 million from an independent third party on 22 July 2015 for next six months period. With the level of its current facilities and available cash and cash equivalent, the Group has adequate financial resources to meet the anticipated future liquidity requirement and capital expenditure commitment.

Capital Expenditure

The Group's capital expenditure was amounted to approximately RMB0.2 million (HY14: RMB3.1 million) during HY15, which was primarily related to an addition of 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 2015, the Group had a total workforce of 35 (31 December 2014: 72). The total staff cost, including directors' emoluments, share options benefit and pension scheme contribution, was approximately RMB8.2 million (HY14: RMB10.2 million) during HY15.

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.

Pledge of Assets

As at 30 June 2015, the Group had no pledge of assets.

Contingent Liabilities

As at 30 June 2015, the Group had no material contingent liabilities.

Event after balance sheet date

(i) Dispute in relation to the Open Offer

On 13 July 2015, Royal Moon International Company Limited ("Royal Moon"), the underwriter of the open offer announced by the Company on 14 May 2015, issued a writ of summons at the High Court of the Hong Kong Special Administrative Region (the "Writ") against the Company. Pursuant to the Writ, Royal Moon claims against the Company, amongst others, a sum of not less than HK$150,000,000 being damages for breach of a written underwriting agreement made between Royal Moon and the Company dated 13 May 2015. The Company has filed acknowledgement of service of writ of summons to contest the proceedings and has been seeking legal advice in relation to the Writ.

(ii) Default of Secured Senior Loan Note

The Company has been informed by the facility agent (the "Facility Agent") under the instrument of the secured senior loan note (the "Loan Note") of nominal amount of US$10 million (equivalent to approximately HK$78 million) (the "Instrument") that, on 29 July 2015, the Facility Agent had issued a letter to request the issuer of the loan note (the "Note Issuer") to remit the total redemption amount to the Facility Agent no later than 6 August 2015 in order for the Facility Agent to transfer the said amount to the noteholders under the Instrument by 7 August 2015, the maturity of the loan note (the "Maturity Date"). On the Maturity Date, the Facility Agent further informed the Company that no payment would be made to the noteholders as they had not received any sum from the Note Issuer.

According to the terms of the Instrument, the Note Issuer's failure to repay by the Maturity Date (i.e. 7 August 2015) shall be construed as an event of default.

The Group is currently seeking legal advice as to the appropriate course of action in respect of the said event of default under the Loan Note. According to the terms of the Instrument, the Group is not entitled to enforce its rights under the Instrument against the Note Issuer and/or its guarantors without the prior written consent of the noteholder whose holdings of the Loan Note represents more than 50% of the principal amount of all the notes created by the Instrument then outstanding. As at the date of this announcement, all noteholders are in the process of exploring the possible actions to be taken in respect of the said event of default.

PROSPECTS

The Group's business of marble products is closely associated with the growth and prosperity of the property market in the PRC. The marble stone business of the Group is still full of challenges amidst the decelerating growth rate of the property investment in the PRC. In the current difficult business and financial environment, including the economic uncertainty in the PRC and the slowdown of the world economy, the Group intends to hold up the plan of further investment.

Looking ahead, the Group will continue to consolidate the production and operations and extend the customer base to get improved in the performance of the business of marble stone.

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 2015 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 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 2015, there is no officer carrying the title of chief executive officer (the "CEO"). The duties of the CEO are undertaken by all executive directors of the Company. For the period from 1 April 2015 to 14 July 2015, Mr. Liu Hongyu acted as Chairman and performed the part of duty of CEO as executive director. 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. Mr. Liu Hongyu was removed in the extraordinary general meeting of the Company on 14 July 2015 and Mr. Wang Minliang was appointed as non-executive director and the chairman of the Company on 17 July 2015, from which the Company has no deviation from the code provision A 2.1 of CG Code.

Save as the deviation from the code provision A.2.1 of the CG Code, in the opinion of the directors of the Company, the Company has complied with all code provisions as set out in the CG Code throughout the six months ended 30 June 2015 and, where appropriate, the applicable recommended best practices of the CG Code.

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 2015.

Audit Committee and Review of Interim Results

The audit committee of the Company comprised three independent non-executive directors, namely Mr. Selwyn Mar, Mr. Chan Siu Wing Raymond and Ms. Hsu Wai Man Helen. The audit committee of the Company has reviewed the unaudited interim results of the Group for the six months ended 30 June 2015 and has recommended their adoption to the Board.

In addition, the Company's auditor, ZHONGHUI ANDA CPA Limited, has also conducted a review of the aforesaid unaudited interim financial information 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 HKICPA.

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 2015.

Publication of the Unaudited Consolidated Interim Results and 2015 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 2015 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.

By Order of the Board
China Kingstone Mining Holdings Limited
Martin Pak
Company Secretary

Hong Kong, 28 August 2015

As at the date of this announcement, the Board comprises Mr. Wang Minliang as non-executive director (Chairman), Mr. Zhu Hongjun, Mr. Zhang Jianzhong, Mr. Tsang Hin Fun Anthony, Mr. Chan Hon Wah, Mr. Leung Ka Tin as executive directors and Mr. Chan Siu Wing Raymond, Mr. Cheung Wah Keung, Ms. Hsu Wai Man Helen, Mr. Selwyn Mar, Mr. Lam King Sun Frankie as independent non-executive directors.