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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 and continued in Bermuda with limited liability)

(Stock Code: 1380)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Change	
	2018	2017		
Revenue *(RMB'000)*	**67,719**	31,383	**+36,336**	+115.8%
(Loss)/Profit for the year attributable to owners of the Company *(RMB'000)*	**(19,270)**	7,797	**-27,067**	N/A
Basic (loss)/earnings per share *(RMB cents)*	**(0.7)**	0.5	**-1.2**	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 2018 together with the comparative figures for the corresponding period in 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
REVENUE	3	**67,719**	31,383
Cost of sales		**(63,170)**	(30,318)
Gross profit		**4,549**	1,065
Other income and gains	4	**14,540**	49,877
Gain on disposal of a subsidiary		**566**	–
Selling and distribution costs		**(1,210)**	(385)
Impairment allowance of trade receivables		**(8,307)**	(3,445)
Administrative expenses		**(29,393)**	(39,039)
Finance costs	5	**(15)**	(277)
(LOSS)/PROFIT BEFORE TAX	6	**(19,270)**	7,797
Income tax	7	**–**	–
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(19,270)**	7,797
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of overseas operations		**10,633**	(9,634)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(8,637)**	(1,837)
(LOSS)/EARNINGS PER SHARE (RMB cents)	8		
– Basic and diluted		**(0.7)**	0.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**189,365**	202,027
Intangible assets		**43,732**	43,732
Prepaid land lease payments		**1,253**	1,287
Prepayment		**51,642**	–
		285,992	247,046
CURRENT ASSETS			
Inventories		**369**	3,028
Trade receivables	*10*	**71,684**	33,293
Prepayments, deposits and other receivables		**3,941**	15,159
Cash and cash equivalents		**65,058**	168,613
		141,052	220,093
CURRENT LIABILITIES			
Trade payables	*11*	**1,814**	1,920
Obligation under finance lease		**233**	396
Other payables and accruals		**19,264**	13,952
Provision for litigation		**1,200**	37,500
		22,511	53,768
NET CURRENT ASSETS		**118,541**	166,325
TOTAL ASSETS LESS CURRENT LIABILITIES		**404,533**	413,371
NON-CURRENT LIABILITIES			
Obligation under finance lease		**–**	201
Provision for rehabilitation		**2,697**	2,697
Deferred tax liabilities		**608**	608
		3,305	3,506
NET ASSETS		**401,228**	409,865
EQUITY			
Equity attributable to owners of the Company			
Share capital		**24,435**	24,435
Reserves		**376,793**	385,430
Total equity		**401,228**	409,865

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. BASIS OF PREPARATION

The consolidated financial statements 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. APPLICATIONS OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRS and a new interpretation that are mandatorily effective for the current year ended 31 December 2018

In the current year, the Group has applied a number of new standards and interpretation issued by the International Institute of Certified Public Accountants for the first time of which the followings are relevant to the Group's consolidated financial statements:

- IFRS 9 *Financial Instruments* (including the amendments to IFRS 9 *Prepayment Features with Negative Compensation* which is mandatorily effective for annual periods beginning on or after 1 January 2019);
- IFRS 15 *Revenue from Contracts with Customers* and amendments to IFRS 15; and
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*.

Other than the amendments to IFRS 9 as described above, the Group has not early applied any new standard or interpretation that is not yet mandatorily effective for the current year.

A) Application of IFRS 9

IFRS 9 and the amendments to IFRS 9 have replaced IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. In accordance with the specific transitional provisions set out in IFRS 9, the Group has applied the classification and measurement requirements (including requirements relating to impairment) to items that existed as of the date of initial application (i.e. 1 January 2018) on a retrospective basis based on the facts and circumstances and business models that existed as at 1 January 2018. However, the Group has decided not to restate the comparative figures. Accordingly, the comparative information continues to be presented based on the requirements of IAS 39 and hence may not be comparable with the current year information. The cumulative effect of initial application of IFRS 9 has been recognised as adjustments to the opening equity as of 1 January 2018.

(I) Classification and measurement of financial assets

In general, IFRS 9 categories financial assets into the following three classification categories:

- amortised cost;
- fair value through other comprehensive income (FVTOCI); and
- fair value through profit or loss (FVTPL).

These classification categories are different from those set out in IAS 39 which included held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The Group did not designate or de-designate any financial asset at FVTPL at 1 January 2018.

There were no reclassification and remeasurement on the Group's financial assets existed as of 1 January 2018 due to application of IFRS 9.

(II) Impairment

IFRS 9 has introduced the "expected credit loss model" to replace the "incurred loss" model under IAS 39. The "expected credit loss model" requires an ongoing measurement of credit risk associated with a financial asset. The Group has applied the "expected loss model" to the following types of financial assets:

- financial assets that are subsequently measured at amortised cost (including cash and cash equivalents, trade receivables and loans receivables);

The adoption of expected credit loss model had a negligible impact on the carrying amount of the Group's finance assets.

(III) Classification and measurement of financial liabilities

Under IFRS 9, for a financial liability designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is required to be presented in other comprehensive income, with the remaining amount of change in the fair value of the liability being presented in profit or loss (unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit or loss and in which case all gains or loss on that liability are presented in profit or loss).

The adoption of IFRS 9 has not had a significant effect on the Group's financial liabilities.

(IV) Hedge accounting

The Group has not applied any hedge accounting and hence the new general hedge accounting model set out in IFRS 9 has not had any impact on the Group's consolidated financial statements.

(V) Effect on the Group's retained earnings and other reserves as of 1 January 2018

The application of IFRS 9 has not had any material impact on the Group's retained earnings and other equity components as of 1 January 2018.

B) Application of IFRS 15

IFRS 15 has replaced IAS 11 Construction Contracts, IAS 18 Revenue and other revenue-related interpretations. Under IAS 11 and IAS 18, revenue arising from construction contracts and provision of services was recognised over time whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods was passed to the customers. Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. IFRS 15 has introduced additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Based on the specific transitional provisions set out in IFRS 15, the Group had decided to use the cumulative effect transition method and had recognised the cumulative effect of initial application of IFRS 15 as an adjustment to the opening balance of equity as at the date of initial application (i.e. 1 January 2018). Accordingly, comparative information has not been restated and continues to be presented under IAS 11 and IAS 18. Also, the Group has applied the IFRS 15 requirements only to contracts that were not completed before 1 January 2018.

As mentioned in Note 3, the Group is engaged sale of marble and marble related products.

Management has assessed the impact and concluded that the application of IFRS 15 has not had any material impact on the Group's consolidated financial statements.

C) Application of IFRIC 22

IFRIC 22 provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency. The interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The application of IFRIC 22 has not had any material impact on the consolidated financial position and the consolidated financial result.

New and revised standards, interpretations and amendments issued but not yet effective

The Group has not applied any of the following new and revised IFRSs that are relevant to the Group that have been issued but are not yet mandatorily effective:

IFRS 16	Leases[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 28	Long-term Interest in Associates and Joint Ventures[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015-2017 Cycle
IFRIC Interpretation 23	Uncertainty over Income Tax Treatments[1]

[1] Effective for annual periods beginning on or after 1 January 2019

[2] Effective for annual periods beginning on or after a date to be determined

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 operating 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 year:

	2018		2017	
	RMB'000	*%*	*RMB'000*	*%*
Marble slabs	**52,567**	**77.6%**	23,678	75.4%
Marble slags	**15,152**	**22.4%**	7,705	24.6%
	67,719	**100%**	31,383	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:

	2018	2017
	RMB'000	*RMB'000*
Customer A	**30,812**	12,698
Customer B	**21,755**	10,981
Customer C*	**–**	3,151

* *Revenue derived from Customer C did not contribute over 10% or more of total revenue of the Group during the year ended 31 December 2018.*

4. OTHER INCOME AND GAINS

	2018	2017
	RMB'000	*RMB'000*
Interest income	**1**	120
Exchange gain	**–**	137
Rental income	**–**	50
Reversal of impairment of other receivables	**–**	2,500
Reversal of provision for litigation	**14,500**	44,858
Others	**39**	2,212
	14,540	49,877

5. FINANCE COSTS

	2018	2017
	RMB'000	*RMB'000*
Finance leases charges	**15**	28
Interest on other loan	**–**	249
	15	277

6. (LOSS)/PROFIT BEFORE TAX

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

	2018	2017
	RMB'000	*RMB'000*
Cost of inventories sold	**63,170**	30,318
Staff costs (including directors' remuneration):		
Wages and salaries	**6,565**	8,255
Equity-settled share option expenses	**–**	630
Pension scheme contributions – Defined contribution scheme	**104**	108
Other staff benefits	**153**	103
	6,822	9,096
Auditors' remuneration	**580**	451
Amortisation of prepaid land lease payments	**34**	34
Depreciation of items of property, plant and equipment	**13,142**	9,861
Impairment allowance of trade receivables	**8,307**	3,445
Reversal of impairment of other receivables	**–**	(2,500)
Foreign exchange gain	**–**	(137)
Operating lease rentals for office	**5,637**	4,994
Loss on disposal of property, plant and equipment	**1,848**	1,885

7. INCOME TAX

	2018	2017
	RMB'000	*RMB'000*
Current – the PRC		
– Charge for the year	**–**	–
Deferred tax	**–**	–
	–	–

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)/profit before tax multiplied by the tax rate in the PRC is as follows:

	2018 *RMB'000*	2017 *RMB'000*
(Loss)/Profit before tax	**(19,270)**	7,797
Tax at the applicable tax rate of companies within the Group	**(4,818)**	1,949
Non-taxable income	**(4,148)**	(21,844)
Expenses not deductible for tax	**2,294**	861
Effect on different tax rate of	**2,567**	(430)
Tax loss not recognised	**4,105**	19,464
Income tax	**–**	–

At 31 December 2018, the Group has unused tax losses of RMB77,763,000 (2017: RMB51,825,000) available for offsetting against future profits. No deferred tax asset (2017: nil) has been recognized in respect of such tax losses, due to unpredictability of future profit streams.

8. (LOSS)/EARNING PER SHARE

(a) (Loss)/Earnings per share – Basic

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately RMB19,270,000 (2017: profit of RMB7,797,000) and the weighted average number of 2,832,083,000 (2017: 1,638,333,000) ordinary shares in issue during the year.

(b) (Loss)/Earnings per share – Diluted

For the year ended 31 December 2018, the diluted earnings per share was the same as basic earnings per share as there was no potential outstanding shares.

For the year ended 31 December 2017, the effects of all potential ordinary shares are anti-dilutive since their assumed exercise would result in a decrease in loss per share.

9. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2018 (2017: Nil).

10. TRADE RECEIVABLES

	2018 *RMB'000*	2017 *RMB'000*
Trade receivables	**182,782**	136,084
Less: impairment	**(111,098)**	(102,791)
	71,684	33,293

The Group's trading terms with its customers are mainly on credit. Except for certain customers solicited by the Group at the beginning of its commercial operation were granted for a longer credit terms, the credit period is generally three months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Trade receivable are non-interest-bearing.

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:

	2018	2017
	RMB'000	*RMB'000*
0 to 90 days	**2,878**	22,941
91 to 180 days	**33,060**	–
181 to 365 days	**16,632**	–
Over 1 year	**19,114**	10,352
	71,684	33,293

The director believed that no impairment loss is necessary in respect of other balances which are past due but not impaired as there has not been a significant change in credit quality and the balances are still considered recoverable.

Reconciliation of impairment of trade receivables:

	2018	2017
	RMB'000	*RMB'000*
At beginning of year	**102,791**	99,346
Allowance for the year	**8,307**	3,445
At end of year	**111,098**	102,791

As at 31 December 2018, included in trade receivables past due but not impaired were trade receivables of approximately RMB10,352,000 (2017: RMB10,352,000) which were secured by certain properties in the PRC as collateral ("Properties"). The Group has taken legal action to exercise its right to obtain the title of the Properties. As at 31 December 2018, a valuation was conducted on the Properties by an independent valuer and the recoverable amounts of the trade receivables based on the net realisable values of the Properties were higher than the carrying amount (after deduction of tax and estimated legal costs).

11. TRADE PAYABLES

Trade payables are non-interest-bearing and are normally settled in 90 days. An aged analysis of trade payables, based on the invoice date, is as follows:

	2018	2017
	RMB'000	*RMB'000*
0 to 60 days	**1,765**	585
61 to 120 days	**–**	–
121 to 180 days	**–**	2
Over 180 days	**49**	1,333
	1,814	1,920

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 2018 have been agreed by the Group's auditor, Elite Partners CPA Limited ("Elite Partners") to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2018. The work performed by Elite Partners 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 Elite Partners on the preliminary announcement.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2018 (2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Sales Volume and Selling Price Analysis

The sales volume and selling price analysis are set out below:–

	Year ended 31 December		
	2018	2017	Change
Sales volume:			
Marble slabs (square meter)	**204,566**	96,000	+113.1%
Marble slags (tonnes)	**563,187**	388,905	+44.8%
Average selling prices:			
Marble slabs (RMB per square meter)	**257**	246	+4.5%
Marble slags (RMB per tonnes)	**26.9**	19.8	+35.9%

Exploration, Development and Production Activities

The Group focuses on the development and mining at the Zhangjiaba mine. 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). There was no geological exploration activity in other sites during the year.

The Zhangjiaba mine mainly divided into the eastern mining zone and the western mining zone. During the year ended 31 December 2018 ("FY2018") and 2017 ("FY2017"), the Group continues to carry out the stripping of the overburden materials at the surface for the both eastern and western zone. It is expected that the further development of the mine to lower benches will be required for large block production.

During the year, the aggregate expenditure of the mining operation of the Group was approximately RMB20.7 million (FY2017: RMB15.1 million), which mainly included depreciation on property, plant and equipment of RMB12.3 million (FY2017: RMB9.3 million), staff costs of approximately RMB0.5 million (FY2017: RMB0.6 million).

During FY2018, the Group has not entered into new contracts and did not have any material commitment relating to infrastructure projects, subcontracting arrangements and purchase of equipment for the Zhangjiaba mine.

FINANCIAL REVIEW

Revenue and Gross Profit

The Group's revenue increased by approximately RMB36.3 million or 115.6% to approximately RMB67.7 million in FY2018 from approximately RMB31.4 million in FY2017. The increase was primarily due to an increase of RMB28.9 million in sales of marble slabs and an increase of RMB7.4 million in sales of marble slags.

Gross profit increased by approximately RMB3.4 million or 309.1% to approximately RMB4.5 million in FY2018 from approximately RMB1.1 million in FY2017. The increase was primarily due to an improvement in the margin of marble slags, resulting from an increase in their selling price during FY2018.

Selling and distribution expenses

Selling and distribution expenses increased from RMB0.4 million in FY2017 to RMB1.2 million in FY2018. The increase was primarily due to an increase in the transportation cost, resulting from an increase in sales volume of marble slags.

Administrative expenses

Administrative expenses decreased from RMB39.0 million in FY2017 to RMB29.4 million in FY2018. The decrease was primarily due to an implementation of cost cutting measures by the Group, including a reduction of staff cost, in order to improve the operational efficiency.

(Loss)/Profit for the year attributable to owners of the Company

The Group recorded a loss of RMB19.3 million in FY2018 as compared to a profit of RMB7.8 million in FY2017, as a result of a combined effect of (i) an increase of RMB3.5 million in gross profit of the Group for FY2018; (ii) a gain RMB82.4 million from reversal of provision for litigation regarding discontinuance of the litigation between the Company and Royal Moon International Company Limited during FY2017; (iii) a provision of RMB37.5 million for litigation in relation to a claim by Mr. Shao Weiquan ("Mr. Shao") against Sichuan Jiangyou Jinshida Stone Co., Ltd ("Sichuan Jinshida") for FY2017 while a reversal of RMB15.7 million of provision for litigation for the same case for FY2018 as result of the settlement agreement made between Mr. Shao and Sichuan Jinshida; and (iv) an increase of RMB4.9 million in impairment loss on trade receivables for FY2018.

Liquidity and Capital Resources

As at 31 December 2018, the Group's total equity interests was approximately RMB401.2 million (31 December 2017: RMB409.9 million) representing a decrease by 2.1% as compared with that of FY2017.

As at 31 December 2018, the Group had cash and bank balances of approximately RMB65.1 million (31 December 2017: RMB168.6 million). Cash and bank balances were mainly denominated in Hong Kong dollars and Chinese Renminbi ("RMB"). 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 RMB2.8 million during FY2018, which was primarily related to the stripping cost capitalised for the mine platforms.

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 31 December 2018, the Group had a total of 21 (31 December 2017: 25) employees in the Group. The total staff cost, including directors' emoluments, share options benefit and pension scheme contribution, was approximately RMB6.8 million (FY2017: RMB9.1 million) in FY2018.

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.

Use of proceeds from fund raising activities

Right Issue

On 3 March 2017 and 24 April 2017, the Company entered into an agreement and supplemental agreement with an underwriter, respectively, by issuing 2,360,068,975 rights shares to qualifying shareholders by way of the rights issue at subscription price of HK$0.12 per rights share on the basis of five rights shares for every share in issue on the record date. The net proceeds from the rights issue were approximately HK$276.54 million.

As at 29 September 2017, the Company resolved to change the use of the unutilized net proceeds of HK$50.94 million for the settlement of the potential damages arising from the litigation to use the unutilized proceeds of (i) approximately HK$15 million for purchasing of machineries for replacement of well-worn mining equipment; (ii) approximately HK$20 million for marble slabs business, and (iii) HK$15.94 million for general working capital. For details, please refer to the announcement of the Company dated 29 September 2017.

As at 31 December 2018, the net proceeds had been utilised as follows:

	Intended use of proceeds *HK$'000*	Actual use of proceeds *HK$'000*
The contribution of funding for the calcium carbonate business		
– The set-up of manufacturing building (including the property, plant and equipment)	149,150	60,000
– General working capital of the calcium carbonate business	42,610	–
General working capital of the Group		
– Purchasing of machineries for replacement of well-worn mining equipment	15,000	15,000
– Marble slabs business	20,000	49,720
– Settlement of litigation involving Sichuan Jinshida *(Note 1)*	–	24,976
– Other general working capital	49,780	55,198
	276,540	204,894

Note 1:

For the details, please refer to the announcement of the Company dated 2 November 2017, 17 April 2018, 23 April 2018, 18 May 2018, 23 May 2018, 13 June 2018, 20 June 2018, 26 June 2018 and 5 July 2018.

Calcium carbonate business

In April 2017, the Group entered in a non-legal binding memorandum of understanding (the "MOU") with a ground calcium carbonate manufacturer to form a joint venture company to extend the downstream business of calcium carbonate production in Jiangyou City, Sichuan Province, the PRC.

In June 2018, the Group and a joint venture partner (the "JV Partner"), who is the shareholder of the ground calcium carbonate manufacturer, entered into a joint venture agreement (the "JV Agreement") in relation to formation of a joint venture company (the "JV Company") to operate the calcium carbonate production in Jiangyou City, Sichuan Province, the PRC. The JV Company has the initial registered capital of RMB10 million in which the capital contribution in the amount of RMB5.1 million and RMB4.9 million will be made by the Group and the JV Partner, respectively.

During the year, the JV partner has obtained the land use approval for part of the planned production site from the Land and Resources Department of Jiangyou City and also obtained the Construction Permit on site from the relevant authority in China. In the wake of the settlement of the litigation involving the auction of the Zhangjiaba mine in July 2018, the Group and JV Partner was eagerly undergoing the re-negotiation for the details of the cooperation arrangement. In August 2018, an equity joint venture company (the "JV Company") was formed as to 51% by the Group and 49% by the JV Partner in accordance with the JV Agreement. In virtue of certain fund needs for the calcium carbonate business development plan that should have been made by the Group under the MOU have already been contributed by JV Partner, it was such that the details of cooperation arrangement need to be negotiated anew. Therefore, the timeline of the cash deployment for the calcium carbonate production has not been determined as of the date of this annual report. During the year, the Group made the deposit payment of approximately RMB51.6 million for acquisition of property, plant and equipment in respect of the calcium carbonate production.

PROSPECTS

Business Reviews and Prospects

With the increasing concerns over escalating US-China trade disputes that may possibly trigger slowing economy globally, the real estate market and the construction materials market in the PRC are facing tremendous challenges. In addition to the keen competition from the overseas marble stone importers, the Group has to take extra cautious of and closely monitor the pace of the expansion in marble stones business.

The Group has been developing the Zhangjiaba mine to lower benches for a higher quality large block production. It is still not easy for the Group to estimate when the large marble blocks could be produced. During the year, the Group continues to produce and sell the marble slags from the stripping of the mine to the calcium carbonate manufacturers. Apart from the sales of the marble slags, the Group also engaged in trading of the marble slabs that are sourced from other marble slab suppliers based on our customers' needs.

The Group intends to extend the downstream business of ground calcium carbonate production by utilizing the Group's own marble resources from the Zhangjiaba mine which it could supplement its existing marble stone and marble related business and also expand the income stream of the Group. Ground calcium carbonate is widely used as raw materials in production of building and construction materials, paper, plastics, paints, coatings and even personal heath and food production. In August 2018, an equity joint venture company (the "JV Company"), which is going to operate and develop the ground calcium carbonate production in Jiangyou City, Sichuan Province, was formed as to 51% by the Group and 49% by a joint venture partner (the "JV Partner"). In the view of the Group owns the enriched marble resources and the JV Partner possesses an extensive experience in the operation of the ground calcium carbonate production, such cooperation with the JV partner in the form of joint venture could be of great help in initiating and implementing the Group's business development plan of calcium carbonate business. The Group considers it would be a stable and sustainable business in a good prospect. Currently, the Group and JV partner were taking steps to initiate the new business and also re-negotiating the details of the cooperation arrangement following the settlement of the litigation involving the Zhangjiaba mine.

The Company will continue to consolidate the production and operations of marble stone and its related business as well as making good use of our marble resources. On the other hand, the Group will also continue to explore new business opportunities so arising in order to maximize shareholders' value in the future.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries or holding company or subsidiary of the holding company has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2018.

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. 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 2018.

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 and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2018 ("FY2018") except for a deviation from code provisions A.2.1, A.1.8, E.1.2 and A.5.1 of CG Code.

Deviation from A.2.1 of CG Code

Under code provision A.2.1 of 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 the chief executive officer should be clearly established and set out in writing. During FY2018, there is no officer carrying the title of CEO. The duties of the CEO are undertaken by executive directors of the Company. Although the responsibility of chairman and a part of responsibility of CEO are vested in Mr. Wang Minliang during FY2018 until his resignation on 12 September 2018, in which all major decisions are made in consultation with the other Board members and the senior management of the Company. Following the resignation of Mr. Wang Minliang due to his health reason, the position of chairman is vacant up to the date of this annual report. During the period of the absence of the chairman, the independent board members will temporarily take the role of chairman to ensure that the board is effective in its task of setting and implementing the company's direction and strategy. The Board considers that there is sufficient balance of power and the current arrangement maintains a strong management position of the Company.

Deviation from A.1.8 of CG Code

Under code provision of A.1.8 of CG Code, the Company should arrange appropriate insurance cover in respect of legal action against the Directors. Currently, the Company does not have insurance cover in this respect as the Board believes that, with the current internal control system and the close supervision of the management, the Director's risk of being sued or getting involved in litigation in their capacity as a director of the Company is relatively low. Nevertheless, the Board will review the need for insurance cover from time to time.

Deviation from E.1.2 of CG Code

Under the code provision of E.1.2 of CG Code, Mr. Wang Minliang, the then chairman of the Board, was unable to attend the annual general meeting of the Company held on 30 June 2018 due to business reasons. Ms. Zhang Cuiwei, the executive director of the Company, was authorized by the Chairman to present to chair the meeting.

Deviation from A.5.1 of CG Code

Under the code provision of A.5.1 of CG Code, the Company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. Mr. Ma Ho Yin resigned as an independent non-executive Director and a chairman of nomination committee of the Company on 12 March 2018 and Mr. Yang Ruimin was appointed as an independent non-executive Director and a chairman of the nomination committee of the Company on 11 June 2018. During the period between such personnel changes, the Company did not comply with the code provision of A.5.1 of CG Code.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee, 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 2018, 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 2018 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 2018 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
Cheung Wai Kee
Company Secretary

Hong Kong, 25 March 2019

As at the date of this announcement, the Board comprises Ms. Zhang Cuiwei, Mr. Zhang Jianzhong, Mr. Zhang Weijun and Ms. Zhang Mian as executive Directors, and Ms. Wang Yihua, Mr. Sheng Guoliang and Mr. Yang Ruimin as independent non-executive Directors.