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 and continued in Bermuda with limited liability)

(Stock Code: 1380)

UNAUDITED INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

RESULTS HIGHLIGHTS

	Six months ended 30 June			
	2022	2021	Change	
	(unaudited)	(unaudited)		
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue	**25,813**	35,420	(9,607)	-27.1
Loss for the period	**(22,760)**	(15,909)	(6,851)	N/A
	RMB cents	*RMB cents*	*RMB cents*	*%*
	(unaudited)	(unaudited)		
Basic loss per share	**(0.80)**	(0.56)	(0.24)	N/A

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 2022 together with the comparative figures for the corresponding period in year 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
REVENUE	*3*	**25,813**	35,420
Cost of sales		**(16,854)**	(28,400)
Gross profit		**8,959**	7,020
Other income and gains	*4*	**83**	32
Selling and distribution costs		**(1,837)**	(1,800)
Administrative expenses		**(14,737)**	(13,885)
Impairment losses recognised in respect of trade receivables, net of reversal		**(13,951)**	(6,729)
Finance costs	*5*	**(922)**	(361)
LOSS BEFORE TAX		**(22,405)**	(15,723)
Income tax expense	*6*	**(355)**	(186)
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	*7*	**(22,760)**	(15,909)
Other comprehensive income/(loss):			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		**928**	(492)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operation		**75**	–
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(21,757)**	(16,401)
Loss per share			
– Basic and diluted *(RMB cents)*	*8*	**(0.80)**	(0.56)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	**30 June 2022** *RMB'000* **(unaudited)**	31 December 2021 *RMB'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**184,274**	144,670
Intangible assets		**31,986**	33,414
Right-of-use assets		**1,137**	1,275
Prepayment and other receivables		**14,577**	51,330
		231,974	230,689
CURRENT ASSETS			
Inventories		**70**	82
Trade receivables	*10*	**49,839**	71,267
Prepayment, deposits and other receivables		**11,357**	4,383
Cash and cash equivalents		**2,868**	7,145
		64,134	82,877
CURRENT LIABILITIES			
Trade payables	*11*	**12,629**	15,942
Lease liabilities		**93**	87
Other payables and accruals		**22,893**	19,969
Amount due to a director		**3,254**	6,105
Other loans		**14,709**	7,133
		53,578	49,236
NET CURRENT ASSETS		**10,556**	33,641
TOTAL ASSETS LESS CURRENT LIABILITIES		**242,530**	264,330
NON-CURRENT LIABILITIES			
Lease liabilities		**40**	83
Provision for environmental rehabilitation		**2,697**	2,697
		2,737	2,780
NET ASSETS		**239,793**	261,550
EQUITY			
Equity attributable to owners of the Company			
Share capital	*12*	**24,435**	24,435
Reserves		**215,358**	237,115
TOTAL EQUITY		**239,793**	261,550

NOTES

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2022 ("Interim Financial Statements") have been prepared in accordance with International Accounting Standard 34 ("IAS 34") issued by the International Accounting Standards Board (the "IASB") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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 financial statements for the year ended 31 December 2021.

The Interim Financial Statements have been prepared in accordance with the same accounting policies applied in the 2021 annual financial statements, except for additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs") and application of certain accounting policies which became relevant to the Group for the six months ended 30 June 2022 as set out in note 2.

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 judgments 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 2021.

The Interim Financial Statements contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Group since the 2021 annual financial statements. The Interim Financial Statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

The Interim Financial Statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Other than additional accounting policies resulting from application of amendments to IFRSs, the accounting policies and the methods of computation used in the Interim Financial Statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2021.

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group's Interim Financial Statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

The application of the amendments to IFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these Interim Financial Statements.

The Group has not applied any new and amendments to IFRSs that have been issued but not yet effective for the current accounting period.

3. 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 Company's executive directors, who are identified as the chief operating decision makers, for purposes of resource allocation and performance assessment. Accordingly, no segment analysis is presented other than entity-wide disclosures.

Information about revenue

The following table sets forth the total revenue from external customers during the period:

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue from contracts with customer recognised at a point in time:		
Marble slags	**25,498**	28,287
Marble slabs	**–**	7,133
Sales of food	**315**	–
	25,813	35,420

4. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Bank interest income	**2**	1
Exchange gain, net	**22**	–
Others	**59**	31
	83	32

5. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest on lease liabilities	**4**	12
Interest on amount due to a director	**219**	219
Interest on other loans	**699**	130
	922	361

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
People's Republic of China ("PRC") Enterprise Income Tax:		
– Current tax	**355**	186

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 2022 and 2021.

The tax rate of subsidiaries of the Company in Hong Kong is 16.5% for both periods.

The tax rate of subsidiary of the Company in the United Kingdom of Great Britain and Northern Ireland (the "UK") is subject to Corporation Tax in the UK ("UK Corporation Tax") and is calculated at 19% for the six months ended 30 June 2022.

No provision for Hong Kong profits tax has been made for both periods as the Group has no assessable profits arising in Hong Kong.

No provision for UK Corporation Tax has been made for the six months ended 30 June 2022 as the Group has no assessable profits arising in the UK.

7. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Amortisation of intangible assets	**1,429**	1,396
Cost of inventories sold	**16,854**	28,400
Depreciation of property, plant and equipment	**1,320**	540
Depreciation of right-of-use assets	**101**	540
Expense related to short-term leases	**384**	218
Loss on disposal of property, plant and equipment	**72**	–
Impairment losses recognised in respect of trade receivables, net of reversal	**13,951**	6,729

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on a loss of approximately RMB22,760,000 attributable to owners of the Company for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB15,909,000) and the weighted average number of 2,832,083,000 (six months ended 30 June 2021: 2,832,083,000) ordinary shares in issue during the period.

(b) Diluted loss per share

The calculation of diluted loss per share had not taken into consideration the assumed exercise of the Company's outstanding share options for both periods as it had an anti-dilutive effect on the basic loss per share.

9. DIVIDEND

The directors of the Company did not recommend payment of any dividend for each of the six months ended 30 June 2022 and 2021.

10. TRADE RECEIVABLES

An aged analysis of trade receivables at the end of the reporting periods, based on earlier of the invoice date or revenue recognition date, and net of allowance for credit losses, is as follows:

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 to 90 days	**12,565**	17,505
91 to 180 days	**2,620**	5,499
181 to 360 days	**11,901**	6,702
361 to 720 days	**22,753**	41,561
	49,839	71,267

The credit period is generally three month. Trade receivables are non-interest bearing.

11. TRADE PAYABLES

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

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 to 60 days	**12,574**	7,453
61 to 120 days	**–**	1,893
121 to 180 days	**–**	–
Over 180 days	**55**	6,596
	12,629	15,942

12. SHARE CAPITAL

	Number of shares	Amounts
Ordinary shares of HK$0.01	*'000*	*RMB'000*
Authorised:		
As at 1 January 2021 (audited), as at 31 December 2021 (audited), as at 1 January 2022 (audited) and as at 30 June 2022 (unaudited)	**150,000,000**	**1,215,275**
Issued and fully paid:		
As at 1 January 2021 (audited), as at 31 December 2021 (audited), as at 1 January 2022 (audited) and as at 30 June 2022 (unaudited)	**2,832,083**	**24,435**

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

China Kingstone Mining Holdings Limited (the "Company"), together with its subsidiaries (the "Group"), were principally engaged in production and sales of marble and marble related products in the People's Republic of China ("PRC" or "China"). The Group owns and operates a beige marble mine in China, namely the Zhangjiaba Mine, which is located in Zhenjiang Village, Xiangshui County, Jiangyou City of Sichuan Province, China.

Marble Slags and Calcium Carbonate Business

Marble slags are produced by stripping overburden at Zhangjiaba mine and crushing the cracked marble stones. Marble slag is a raw material for the production of ground calcium carbonate (the "GCC"). The Group sells the marble slags to the GCC manufactures which are close to the Zhangjiaba mine.

China's economy is expected to be at low growth rate as it imposed hardline Covid-19 controls during the first half year 2022 for the possible resurgence of pandemic in China, coupling with the tensions in US-China relations and Ukraine war which also posed a great challenge to the global supply chain and China's economy. All these have put a strain on China's economic recovery and resulted in growth momentum softening. Demand of marble slags showed a weakening sign but remained relatively stable because it is a raw material for manufacturing ground calcium carbonate ("GCC"), which is widely used in production of many daily products, such as construction materials, paper, plastic, paints, etc. During HY2022, revenue attributable to marble slags business was approximately RMB25.5 million, representing a decrease of approximately RMB2.8 million or 9.9% as compared to approximately RMB28.3 million for HY2021. The decrease was primarily due to a disruption to the production resulting from the Covid-19 prevention and controls during HY2022. The average selling price increased from approximately RMB20.1 per tonne to approximately RMB26.0 per tonne. The effect on such increase in average selling price was largely compensating for revenue lost from the decrease in the production volume. The Group believes the weak domestic and global demand will last a stretch of time and the business growth in marble slags will slow down in the forthcoming years.

The Group has continued to find a way to roll out the GCC business plan. The Group believes that it owns rich and extractable marble resources in the Zhangjiaba Mine, which gives it a competitive advantage to develop the GCC business. In view of the good future business opportunities, the Group will continue to look for cooperation partners to roll out the GCC business plan. Given the current negative market sentiment for the expansion or additional investment in the business for the GCC operators, the timeline for carrying out the plan would take longer than expected.

Marble Slabs Business

The marble stones are widely used in construction and decoration industry for decorative purposes due to its bright color and lustrous finish. Marble stones are used in applications such as interior and exterior decoration, laying pavements, stairs, flooring and furniture. The Group sells marble slabs through some distributors or purchasing agents which have a strong track record and broad sales and marketing network with property developers and construction companies in China.

The fallout from property debt crisis is likely to spread to many other construction firms in China. It shows no sign of turnaround in construction as many property developers have still been struggling with the debt and falling sales. The expectation of a downward trend in property prices and weakening demand for the new property may keep the property developers' liquidity tight. The Group has implemented a tighter credit control with the customers of marble slabs, including withholding delivery of certain orders and refusing the new orders in order to push the customers to repay the long outstanding invoices back to track of normal credit terms. As a results, the Group did not record any sales of marble slabs during the six months ended 30 June 2022 (the "HY2022"). The Group believes that it has to be more aware of the anticipated lowered credit quality of the customers and manage a fine line between the business growth of the Group and credit risks associated with the customers. The Group believes that the conservative approach on credit control on the customers would result in a decrease of marble slab transactions with the customers with outstanding invoices.

Amid China's property turmoil, the Group foresees that the many uncertainties in the local business environment will continue to impact the property developers in China and, as such, the Group expects that it will continue to record low volume of sales of marble slabs, which may bring certain pressure to to our profit growth in the short-term. The Group will continue to actively manage its marble slabs business.

Virtual Restaurant Business

The Group commenced a virtual restaurant brand for a delivery-only operation. The Group engages a online webpage that is hosted by a third party food delivery platform with the food of its own brand being prepared either out of its own central kitchen or out of an existing franchised restaurant. The business was led by the founder and former CEO of bigfoodie.com.uk which was one of the largest takeaway online platforms in the United Kingdom. The Group's first brand "Burgogi Korean BBQ Burger" has already rolled out in London. The Group was building its own food delivery platform website, serving for the pre-made meal kits for its own branded food and the signature dishes with other franchised restaurants. The website (www.celeplate.co.uk) has been launched on 18 August 2022.

Exploration, Development and Production Activities at the Mine

The Group commenced commercial mining production at the Zhangjiaba Mine in September 2010. The initial term of mining permit was granted for 10-year period in Februrary 2011. The premium paid in connection with such permit covers reserves extractable for 30 years based on the approved capacity. The mining permit of Zhangjiaba Mine expired on 21 February 2021. The renewed mining permit was issued on 7 March 2022 and would be valid from 21 February 2021 to 21 February 2026. The Company expected the mining permit could be further renewed upon expiration subject to certain statutory requirements and conditions.

The Group focused on the development and mining at the Zhangjiaba mine during HY2022. The Zhangjiaba Mine contains 44.2 million cubic meters of measured and indicated marble resources, which represents 16.8 million cubic meters 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 during HY2022.

The Zhangjiaba mine was mainly divided into the eastern mining zone and the western mining zone. During HY2022, the Group continued to carry out the stripping of the overburden materials at the surface for the both eastern and western zone of the deposit. The deposit in these areas was still cracked. The Group expects that further development of the mine to lower benches will be required for large block production, which will be commenced no earlier than 2025.

During HY2022, the aggregate expenditure of the mining operation of the Group was approximately RMB16.3 million (HY2021: RMB23.2 million), which mainly included depreciation on property, plant and equipment and amortization of intangible assets and land use right of approximately RMB1.5 million (HY2021: RMB1.8 million) and subcontracting cost of stripping of approximately RMB14.8 million (HY2021: RMB21.2 million). During HY2022, the Group employed an outsourced engineering team to work in the mine areas in order to reduce the fixed cost of production and increase the financial flexibility of the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately RMB9.6 million or 27.1% from approximately RMB35.4 million for HY2021 to approximately RMB25.8 million for HY2022. The decrease was primarily due to a combined effect of (i) a decrease of approximately RMB7.1 million in sales of marble slabs, primarily resulting from a tightened credit terms imposed by the Group; and (ii) a decrease of approximately RMB2.8 million in sales of marble slags from approximately RMB28.3 million for HY2021 to approximately RMB25.5 million for HY2022, primarily resulting from weakening demand due to a disruption to the production resulting from the Covid-19 prevention and controls during HY2022.

Revenue by products

	Six months ended 30 June		
	2022	2021	Change
	RMB'000	*RMB'000*	
Marble slags	**25,498**	28,287	–9.9%
Marble slabs	**–**	7,133	–100%
Sale of food	**315**	–	N/A
	25,813	35,420	–27.1%

Analysis by sales volume and selling price of marble business are set out below:–

	Six months ended 30 June		
	2022	2021	Change
Sales volume:			
Marble slags (ton)	**980,673**	1,408,575	–30.4%
Marble slabs (square meter)	**–**	26,000	–100%
Average selling prices:			
Marble slags (RMB per ton)	**26.0**	20.1	+29.4%
Marble slabs (RMB per square meter)	**–**	274.3	N/A

Gross Profit and Gross Profit Margin

Gross profit increased by approximately RMB2.0 million or 28.6% from approximately RMB7.0 million for HY2021 to approximately RMB9.0 million for HY2022.

Gross profit margin increased by approximately 14.9 percentage points from approximately 19.8% for HY2021 to approximately 34.7% for HY2022. The increase was primarily due to an increase in average selling price for marble slags from approximately RMB20.1 per ton to approximately RMB26.0 per ton.

Selling and distribution expenses

Selling and distribution expenses were approximately RMB1.8 million for HY2021 and HY2022, respectively. Selling and distribution expense primarily comprised of direct sales tax, marketing and advertising expenses and storage cost.

Administrative expenses

Administrative expenses increased by approximately RMB0.8 million from approximately RMB13.9 million for HY2021 to approximately RMB14.7 million for HY2022. The increase was primarily due to a combined effect of (i) an increase of approximately RMB2.0 million in general operating expense in Virtual Restaurant Business which has commenced since December 2021; (ii) an increase of approximately RMB1.8 million in legal and professional fee in relation to the recovery of trade receivables and (iii) a decrease of approximately RMB1.8 million in expenses for renewal of the mining permit and government levies in relation to Zhangjiaba Mine.

Impairment Losses of trade receivables

During HY2022, the Group made impairment losses of approximately RMB14.0 million on trade receivables under expected credit loss model, representing an increase of approximately RMB7.3 million, as compared to approximately RMB6.7 million for HY2021. The increase was primarily due to an increase in gross trade receivables of marble slab business past due in longer period. Given that the customers of marble slab business are operating in the construction and real estate development sectors of the PRC, the Company believes that the developing Covid-19 outbreaks in the PRC and the Chinese government's ongoing campaign to cut leverage and instill corporate discipline in the wake of the property sector crisis in the PRC have affected in these customers' projects and severely disrupted their operations, which in turn caused them to delay their payment with the overdue invoices. During the HY2022, the Group has recovered the outstanding invoices (overdue more than 2 years) of approximately RMB6.1 million from the customers of marble slab business. The Group will continue to assess the repayment ability of these customers and actively communicate with them to recover the outstanding trade receivables.

Loss for the period

As a result of the foregoing events, the Group recorded a loss of approximately RMB22.8 million for HY2022, representing an increase of approximately RMB6.9 million as compared to a loss of approximately RMB15.9 million for HY2021.

Liquidity and Capital Resources

As at 30 June 2022, the Group's total equity interests were approximately RMB240.0 million, representing a decrease of approximately RMB21.6 million or 8.3% as compared to approximately RMB261.6 million as at 31 December 2021. The decrease was mainly attributable to a loss of approximately RMB22.8 million incurred for HY2022.

As at 30 June 2022, the Group had cash and bank balances of approximately RMB2.9 million (31 December 2021: RMB7.1 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.

As at 30 June 2022, total borrowings, including other loans of approximately RMB14.7 million (31 December 2021: RMB7.1 million) and loans from a director (included in amount due to directors) of approximately RMB3.1 million (31 December 2021: RMB4.7 million), amounted to approximately RMB17.8 million (31 December 2021: RMB11.8 million) and was unsecured and mature within one year. The annual interest rates of the borrowings for HY2022 ranged from 5.0% to 12% p.a. (2021: 5.0% to 10.0% p.a.). All of them are dominated in Hong Kong. It was accounted for as current liabilities of the Group. The Group does not currently use any derivatives to manage interest rate risk. Gearing ratio, representing total borrowings divided by total equity, was 0.07 (31 December 2021: 0.05).

Capital Expenditure

During HY2022, the Group's capital expenditure amounted to approximately RMB41.2 million (HY2021: RMB0.4 million), which was primarily related to an addition of property, plant and equipment for the marble-related business.

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, which are 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 2022, the Group had a total of 42 employees (HY2021: 24). The total staff cost, including directors' emoluments, share options benefit and pension scheme contribution, was approximately RMB4.5 million for HY2022 (HY2021: RMB2.7 million).

The Group's emolument policies are formulated based on the performance of individual employee and 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 2022, the Group had no pledge of assets (31 December 2021: Nil).

Capital Commitment

As at 30 June 2022, the Group did not have any capital commitment for the purchase of property, plant and equipment (31 December 2021: approximately RMB8.8 million) and construction of property, plant and equipment (31 December 2020: approximately 6.8 million) which were contracted for but not provided for.

Contingent Liabilities

As at 30 June 2022, the Group had no significant contingent liabilities (31 December 2021: Nil).

Litigation Update

(a) On 8 August 2018, the Company received a writ of summons (the "Writ") issued in the Court of First Instance of the High Court of Hong Kong under Commercial List Action No. 5 of 2018 (the "Action") by Mr. Li Jiaju (the "Plaintiff A") against Kinwin International Investment Limited (the "1st Defendant"), a company wholly owned by a former director, the Company (the "2nd Defendant") and the former director (the "3rd Defendant"), in relation to a claim for the sum of approximately HK$23.7 million plus interest and costs against the 1st Defendant or alternatively, a claim for a sum of approximately HK$21.2 million plus interest and costs against the Company or alternatively a claim for the sum owned by the 1st Defendant against the 3rd Defendant, pursuant to a loan agreement between the Plaintiff A and the 1st Defendant and an alleged deed of assignment that was executed between the Plaintiff A, 1st Defendant, the 2nd Defendant.

(b) On 22 August 2018, the High Court of Hong Kong Special Administrative Region ("High Court") handed down a judgment to dismiss the application for summary judgment from Zhongtai International Wealth Management Limited (the "Plaintiff B") which is the financier of Royal Moon for underwriting of open offer announced by the Company on 14 May 2015, for a claim that the Company is liable to account to the Plaintiff B for wrongfully returning the balance of fund of approximately HK$61.4 million from the open offer bank account to Royal Moon on the ground of the alleged breach of trust and/or breach of equitable/fiduciary duties.

    The Plaintiff B is claiming for equitable compensation and/or damages, and/or account of profits on the ground of the Company's breach of trust, together with an order to pay to the Plaintiff B such sum as may be found due or payable, including relevant interests and costs. The Plaintiff B is also seeking for a declaration that the Company is liable to account to the Plaintiff B for the balance of the fund in the open offer account of the Company or such other sum as the Court thinks fit on the ground of its breach of trust.

The Company considered no provisions should be made for the above cases as each of these proceedings is still at its early stage and the Company is highly unlikely to incur any further liability as at 30 June 2022 and 31 December 2021.

PROSPECTS

China's economic recovery is threatened from the potential disruption from the strict Covid-19 prevention and control policy and a contracting property market, coupled with rising trade tension and external uncertainty. The Group will maintain a high degree of vigilance against unpredictable international developments and any sensitive external factors that may adversely affect the Group's business. The Group will continue to consolidate the production and operations and extend the customer base to make improvements in the performance of the marble business. On the other hand, the Group will continue to explore new business opportunities so arising in order to maximize shareholder's value in the future.

OTHER INFORMATION

Corporate Governance

The Company has complied with the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for HY2022 except for a deviation from code provisions C.2.1 and C.1.8 of CG Code.

Under code provision C.2.1 of CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. During HY2022, the Board has yet to appoint chairman (the "Chairman") and chief executive officer (the "CEO") of the Company. The independent Board members will temporarily take the role of Chairman to ensure that the Board is effective in its take of setting and implement the Company's direction and strategy, while the executive Board members will take up the role of CEO to manage the operation of the Group. The Board considers that there is sufficient balance of power and the current arrangement maintains a strong management position of the Company.

Under code provision of C.1.8 of CG Code, the Company should arrange appropriate insurance cover in respect of legal action against the directors of the Company (the "Director(s)"). 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 Directors' risk of being sued or getting involved in litigation in their capacity as a Director is relatively low. Nevertheless, the Board will review the need for insurance cover from time to time.

Under code provision of F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting. As disclosed above, the Board did not appoint a chairman during HY2022 and therefore the post was vacant during the Company's annual general meeting held on 29 June 2022 (the "AGM"). The Board elected Ms. Zhang Cuiwei to chair the AGM. As such, the Board is of the view that code provision F.2.2 of the CG Code was not applicable to the Company at the time and should not be regarded as a deviation from the CG Code.

Save as the deviations from the code provision C.2.1 and C.1.8 of the CG Code, in the opinion of the Directors, the Company has complied with all code provisions as set out in the CG Code throughout HY2022 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 HY2022.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

As at the date of this announcement, the audit committee of the Company comprised two independent non-executive Directors, namely Mr. Andreas Varianos and Mr. Yang Ruimin. The audit committee members of the Company have reviewed the unaudited interim results of the Group for HY2022 and had recommended their adoption to the Board.

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 2022.

PUBLICATION OF THE INTERIM RESULTS AND 2022 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 2022 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
Cheung Wai Kee
Company Secretary

Hong Kong, 26 August 2022

As at the date of this announcement, the Board comprises Mr. Zheng Yonghui, Mr. Zhang Weijun, Mr. Zhang Mian and Ms. Zhang Cuiwei as executive directors, and Mr. Andreas Varianos and Mr. Yang Ruimin as independent non-executive directors.