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 2023

RESULTS HIGHLIGHTS

	Six months ended 30 June			
	2023	2022	Change	
	(unaudited)	(unaudited)		
	RMB'000	*RMB'000*	*RMB'000*	*%*
Revenue	**15,043**	25,813	-10,770	-41.7
Loss for the period	**(8,986)**	(22,760)	+13,774	N/A
	RMB cents	*RMB cents*	*RMB cents*	*%*
	(unaudited)	(unaudited) (restated)		
Basic loss per share	**(6.19)**	(16.1)	+9.91	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 2023 together with the comparative figures for the corresponding period in year 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
REVENUE	*3*	**15,043**	25,813
Cost of sales		**(8,862)**	(16,854)
Gross profit		**6,181**	8,959
Other income and net gains	*4*	**1,883**	83
Selling and distribution costs		**(1,102)**	(1,837)
Administrative expenses		**(11,536)**	(14,737)
Impairment losses recognised in respect of trade receivables, net of reversal		**(3,457)**	(13,951)
Finance costs	*5*	**(955)**	(922)
LOSS BEFORE TAX		**(8,986)**	(22,405)
Income tax expense	*6*	**–**	(355)
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	*7*	**(8,986)**	(22,760)
Other comprehensive (loss)/income:			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		**(90)**	928
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operation		**(413)**	75
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(9,489)**	(21,757)
			(restated)
Loss per share			
– Basic and diluted (RMB cents)	*8*	**(6.19)**	(16.1)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	Notes	**30 June 2023 RMB'000 (unaudited)**	31 December 2022 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**140,289**	140,329
Intangible assets		**33,414**	33,414
Right-of-use assets		**821**	910
Prepayment and other receivables		**18,572**	27,640
		193,096	202,293
CURRENT ASSETS			
Inventories		**14**	137
Trade receivables	*10*	**62,598**	64,305
Prepayment, deposits and other receivables		**29,947**	22,296
Prepaid tax		**–**	24
Cash and cash equivalents		**2,386**	3,188
		94,945	89,950
CURRENT LIABILITIES			
Trade payables	*11*	**41,961**	37,249
Lease liabilities		**43**	91
Other payables and accruals		**30,594**	31,823
Amount due to a director		**1,115**	1,138
Other loans		**16,916**	16,704
		90,629	87,005
NET CURRENT ASSETS		**4,316**	2,945
TOTAL ASSETS LESS CURRENT LIABILITIES		**197,412**	205,238
NON-CURRENT LIABILITIES			
Other loans		**–**	1,340
Provision for environmental rehabilitation		**2,697**	2,697
		2,697	4,037
NET ASSETS		**194,715**	201,201
EQUITY			
Equity attributable to owners of the Company			
Share capital	*12*	**25,679**	24,435
Reserves		**169,036**	176,766
TOTAL EQUITY		**194,715**	201,201

NOTES

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 ("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 2022.

The Interim Financial Statements have been prepared in accordance with the same accounting policies applied in the 2022 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 2023 as set out in note 3.

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 2022.

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 2022 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 2023 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022.

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 after 1 January 2023 for the preparation of the Group's Interim Financial Statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

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	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue from contracts with customer recognised at a point in time:		
Marble slags	**14,439**	25,498
Sales of food	**604**	315
	15,043	25,813

4. OTHER INCOME AND NET GAINS

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Bank interest income	**1**	2
Imputed interest income on other receivables	**1,897**	–
Exchange (loss)/gain, net	**(46)**	22
Others	**31**	59
	1,883	83

5. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest on lease liabilities	**2**	4
Interest on amount due to a director	**61**	219
Interest on other loans	**892**	699
	955	922

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
PRC Enterprise Income Tax:		
– Current tax	**–**	355

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 periods.

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 UK is subject to Corporation Tax in the UK ("UK Corporation Tax") and is calculated at 19% for the six months ended 30 June 2023.

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

No provision for UK Corporation Tax has been made for both periods as the Group had no assessable profits arising in the UK.

No provision for PRC Enterprise Income Tax has been made for the six months ended 30 June 2023 as the Group had no assessable profits arising in the PRC.

7. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of inventories sold	**8,862**	16,854
Depreciation of property, plant and equipment	**275**	1,320
Depreciation of right-of-use assets	**89**	101
Expense related to short-term leases	**360**	384
Loss on disposal of property, plant and equipment	**–**	72
Impairment losses recognised in respect of trade receivables, net of reversal	**3,457**	13,951

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 RMB8,986,000 attributable to owners of the Company for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB22,760,000) and the weighted average number of 145,162,148 (six months ended 30 June 2022: 141,604,138 (restated)) ordinary shares in issue during the period.

The weighted average number of ordinary shares for the six months ended 30 June 2022 for the purposes of calculating basic loss per share have been adjusted for the share consolidation which took place on 21 December 2022.

(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 2023 and 2022.

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 2023 *RMB'000* **(unaudited)**	31 December 2022 *RMB'000* (audited)
0 to 90 days	**15,241**	31,584
91 to 180 days	**31,998**	12,739
181 to 360 days	**4,088**	3,787
361 to 720 days	**–**	13,175
Over 720 days	**11,271**	3,020
	62,598	64,305

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 2023 *RMB'000* **(unaudited)**	31 December 2022 *RMB'000* (audited)
0 to 60 days	**9,441**	37,072
61 to 120 days	**–**	–
121 to 180 days	**11,332**	–
Over 180 days	**21,188**	177
	41,961	37,249

12. SHARE CAPITAL

Ordinary shares of HK$0.2	Number of shares	Nominal values of ordinary shares	
	'000	*HK$'000*	*RMB'000*
Authorised:			
As at 1 January 2022 (audited)	**150,000,000**	**1,500,000**	
Share consolidation *(note (i))*	**(142,500,000)**	**–**	
As at 31 December 2022 (audited), 1 January 2023 (audited) and 30 June 2023 (unaudited)	**7,500,000**	**1,500,000**	
Issued and fully paid:			
As at 1 January 2022 (audited)	**2,832,083**	**28,321**	**24,435**
Share consolidation *(note (i))*	**(2,690,479)**	**–**	**–**
As at 31 December 2022 (audited) and 1 January 2023 (audited)	**141,604**	**28,321**	**24,435**
Issue of shares *(note (ii))*	**7,000**	**1,400**	**1,244**
As at 30 June 2023 (unaudited)	**148,604**	**29,721**	**25,679**

Notes:

(i) At an extraordinary general meeting of the Company held on 19 December 2022, an ordinary resolution was passed to approve the share consolidation of every twenty issued and unissued existing shares of HK$0.01 each into one consolidated share of HK$0.2 each of the Company. The share consolidation was effective on 21 December 2022.

(ii) On 31 March 2023, the Company entered into the subscription agreement with the subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the subscriber has conditionally agreed to subscribe for 7,000,000 subscription shares at the subscription price of HK$0.50 per subscription share. The event was completed on 19 April 2023. The net proceeds of the subscription amounted to approximately HK$3,380,000. The Company intends to apply the net proceeds as its general working capital including but not limited to the repayment of any loan taken out by the Group which was due.

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 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 in the course of stripping overburden at Zhangjiaba mine and by 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.

The uncertainty about China's economy is rising and it appears a lack of confidence in China's economic growth has been spreading. The much-anticipated solid growth in the post-coronavirus recovery did not materialize. The outlook is set for more weakness amid geopolitical tensions with the United States and slowing global demand. The Company believes the demand in marble slags as one of widely used raw materials would fall further in second half year amid the weak economic momentum in China and slowing global economy which would likely put further pressure on external demand. During the six months ended 30 June 2023 ("HY2023"), revenue attributable to marble slags business was approximately RMB14.4 million, representing a decrease of approximately RMB11.1 million or 43.4% as compared to approximately RMB25.5 million for the six months ended 30 June 2022 ("HY2022"). The decrease was primarily due to the weak demand in goods and service resulting from that the China economy has been hit by a double whammy faltering demand at domestic and abroad with the ripple effects across the regions. 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 forthcoming these years.

The Group has continued to find a way to roll out the GCC business plan. The Group believes that it owns rich marble resources that can extracted from 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 attempt to look for cooperation partners to embark the GCC business plan. Given that the current negative market sentiment for the expansion or additional investment in the business for the GCC operators, the Company would not pre-set the timeline to implement the expansion plan of the GCC business.

Virtual Restaurant Business

The Group commenced a virtual restaurant brand for a delivery-only operation. The Group has launched its own website of the virtual restaurant on www.celeplate.co.uk which the Group takes orders for ready-to-cook meal kits for customers. The meal kits were prepared out of its own central kitchen. In 2023, the Group has commenced to sell the ready-to-cook meal kits to retailing stores and supermarkets as new distribution channel. During HY2023, the Group has enriched the variety of ready-to-cook meal kits, including fresh meat and seafood, Korean BBQ and hotpot, oven-ready Peking duck and etc. The Group believes that it is building traction of the virtual restaurant business to gain the acceptance for the Group's products in the market. The virtual restaurant would be one of key growth potential business of the Group.

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 is granted for 10-year period in February 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 valid from 21 February 2021 to 21 February 2026.

The Group focuses on the development and mining at the Zhangjiaba mine during HY2023. The Zhangjiaba Mine contains 44.2 million cubic meters 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 during HY2023.

The Zhangjiaba mine mainly divided into the eastern mining zone and the western mining zone. During HY2023, 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 HY2023, the aggregate expenditure of the mining operation of the Group was approximately RMB8.4 million (HY2022: RMB16.3 million), which mainly included subcontracting cost of stripping of approximately RMB8.3 million (HY2022: RMB14.8 million). During HY2023, the Group employed an outsourced engineering team to work on 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 RMB10.8 million or 41.7% from approximately RMB25.8 million for HY2022 to approximately RMB15.0 million for HY2023. The decrease was primarily due to a combined effect of (i) a decrease of approximately RMB11.1 million in sales of marble slags from approximately RMB25.5 million for HY2022 to approximately RMB14.4 million for HY2023, primarily resulting from a decrease in demand for marble slags due to economic downturn in the PRC and (ii) an increase of approximately RMB0.3 million in sales of food from approximately RMB0.3 million for HY2022 to approximately RMB0.6 million for HY2023.

Revenue by products

	Six months ended 30 June		
	2023	2022	Change
	RMB'000	*RMB'000*	
Marble slags	**14,439**	25,498	–43.4%
Sale of food	**604**	315	+91.7%
	15,043	25,813	–41.7%

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

	Six months ended 30 June		
	2023	2022	Change
Sales volume:			
Marble slags (ton)	**555,337**	980,673	–43.4%
Average selling prices:			
Marble slags (RMB per ton)	**26.0**	26.0	0%

Gross Profit and Gross Profit Margin

Gross profit decreased by approximately RMB2.8 million or 31.1% from approximately RMB9.0 million for HY2022 to approximately RMB6.2 million for HY2023.

Gross profit margin increased by approximately 6.4 percentage points from approximately 34.7% for HY2022 to approximately 41.1% for HY2023. The increase was primarily due to a decrease in average sub-contracting cost per ton.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately RMB0.7 million from approximately RMB1.8 million for HY2022 to approximately RMB1.1 million for HY2023. The decrease was primarily due to a decrease in direct sales tax on sales of marble slags for HY2023.

Administrative expenses

Administrative expenses decreased by approximately RMB3.2 million from approximately RMB14.7 million for HY2022 to approximately RMB11.5 million for HY2023. The decrease was primarily due to a decrease of RMB2.0 million in legal and professional fee for the recovery of trade receivable incurred in HY2022 and a decrease of RMB0.7 million in general operating expense in Virtual Restaurant Business as there were start-up cost in HY2022.

Impairment loss of trade receivables

During HY2023, the Group made an impairment loss of RMB3.5 million on trade receivable under expected credit loss model, representing a decrease of approximately RMB10.5 million, as compared to RMB14.0 million for HY2022. As the looming outlook on construction and real estate development sectors of the PRC, the Group decided to suspend the marble slab business where the Group has a lot of concerns about its recoverability of the customers who are operating in that business sectors of the PRC. During the HY2023, the Group has recovered the long overdue invoices of approximately RMB2.2 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, the Group recorded a loss of approximately RMB9.0 million for HY2023, representing a decrease of approximately RMB13.8 million as compared to a loss of RMB22.8 million for HY2022.

Liquidity and Capital Resources

As at 30 June 2023, the Group's total equity interests were approximately RMB194.7 million, representing a decrease of approximately RMB6.5 million or 3.2% as compared to approximately RMB201.2 million as at 31 December 2022. The decrease was mainly attributable to a loss of approximately RMB9.0 million incurred for HY2023 but offset an increase of approximately RMB3.1 million in share capital and share premium resulting from issue of new shares of the Company.

As at 30 June 2023, the Group had cash and bank balances of approximately RMB2.4 million (31 December 2022: RMB3.2 million). Cash and bank balances were mainly denominated in Hong Kong dollars, Chinese Renminbi ("RMB") and sterling pounds. The Group has adequate financial resources to meet the anticipated future liquidity requirement and capital expenditure commitment.

As at 30 June 2023, total borrowings of the Group of approximately RMB17.9 million (31 December 2022: RMB19.0 million) comprised other loans of approximately RMB16.9 million (31 December 2022: RMB18.0 million) and a director's loan (included in amount due to a director) of approximately RMB1.0 million (31 December 2022: RMB1.0 million). The borrowings were unsecured and dominated in Hong Kong dollar and United States dollar. The annual interest rate of the borrowings for HY2023 ranged from 5% to 12% p.a. (HY2022: 5.0% to 12.0% p.a.). All the borrowings of approximately RMB17.9 million were repayable within one year which 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 0.09 (31 December 2022: 0.09).

Capital Expenditure

During HY2023, the Group's capital expenditure amounted to RMB0.2 million (HY2022: RMB41.2 million), which was primarily related to an addition of property, plant and equipment for the marble slags 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, 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 2023, the Group had a total of 38 employees (31 December 2022: 38). The total staff cost, including directors' emoluments, share options benefit and pension scheme contribution, was approximately RMB3.6 million for HY2023 (HY2022: RMB4.5 million).

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 2023, the Group had no pledge of assets (31 December 2022: Nil).

Capital Commitment

As at 30 June 2023, the Group did not have any significant capital commitments (31 December 2022: Nil).

Contingent Liabilities

As at 30 June 2023, the Group had no significant contingent liabilities (31 December 2022: Nil).

Use of proceeds from fund raising activities

On 31 March 2023, the Company entered into a subscription agreement with a subscriber, pursuant to which the Company conditionally agreed to allot and issue, and the subscriber conditionally agreed to subscribe for 7,000,000 subscription shares of the Company at the subscription price of HK$0.50 per subscription shares (the "Subscription").

The gross proceeds and net proceeds of the Subscription were amounted to HK$3,500,000 and HK$3,380,000, respectively. During HY2023, the net proceeds were fully utilized in accordance with the intended use at the time of the Subscription as general working capital of the Group.

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 2023 and 31 December 2022.

PROSPECTS

A short-term rapid economic rebound in China in early 2023 has been fizzled out after nearly three years of Covid-19 pandemic restrictions. The Group expects that China's economic recovery has still been constrained by weakening domestic demand, a structural property slump, a deepening global manufacturing downturn and worsening geopolitical tensions. There is no sign of an imminent policy response to shore up the domestic recovery from China's government. The Group may face challenges for the business growth in forthcoming years. 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 Group's 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 and Corporate Governance Report (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 HY2023 except for a deviation from code provisions C.2.1, C.1.8 and F.2.2 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 HY2023, the Board has yet to appoint chairman of the Board (the "Chairman"). The independent Board members will temporarily take the role and responsibility of Chairman to ensure that the Board is effective in its take of setting and implement 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.

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 E.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting. The chairman of the Board should also invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, the chairman should invite another member of the committee or failing this their duly appointed delegates to attend. During HY2023, Ms. Zhang Cuiwei attended the annual general meeting (the "AGM") and other members of the Board were unable to attend AGM due to other business commitments. The Board was aware of this non-compliance and will continue to bring the importance of attending AGMs to the attention to each committee's chairman and its members.

Save as the deviation from the code provision C.2.1, C.1.8 and F.2.2 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 HY2023.

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 HY2023.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company comprised three independent non-executive Directors, namely Mr. Andreas Varianos, Ms. Zu Rui and Mr. Yang Ruimin. The audit committee members of the Company have reviewed the unaudited interim results of the Group for HY2023 and has 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 2023.

PUBLICATION OF THE INTERIM RESULTS AND 2023 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 2023 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, 28 August 2023

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, Ms. Zu Rui and Mr. Yang Ruimin as independent non-executive directors.