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KINGSTONE
金 石 礦 業

CHINA KINGSTONE MINING HOLDINGS LIMITED
中國金石礦業控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 1380)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Change	
	2023	2022		
Revenue *(RMB'000)*	**58,491**	72,289	**-13,798**	-19.1%
Loss for the year attributable to owners of the Company *(RMB'000)*	**(59,600)**	(61,884)	**+2,284**	N/A
Basic loss per share *(RMB cents)*	**(38.7)**	(43.7)	**+5.0**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	*3*	**58,491**	72,289
Cost of sales		**(36,837)**	(45,441)
Gross profit		**21,654**	26,848
Other income and gains, net	*4*	**4,111**	2,040
Selling and distribution expenses		**(4,213)**	(8,476)
Impairment losses under expected credit loss model, net of reversal		**(19,889)**	(41,009)
Impairment losses recognised in respect of non-financial assets		**(27,317)**	–
Administrative expenses		**(32,553)**	(38,275)
Finance costs	*5*	**(1,532)**	(1,886)
LOSS BEFORE TAX	*6*	**(59,739)**	(60,758)
Income tax credit/(expenses)	*7*	**139**	(1,126)
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(59,600)**	(61,884)
Other comprehensive (loss)/profit:			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(1,161)**	1,535
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(60,761)**	(60,349)
LOSS PER SHARE (RMB cents)	*8*		
– Basic and diluted		**(38.7)**	(43.7)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**113,538**	140,329
Intangible assets		**28,048**	33,414
Right-of-use assets		**1,485**	910
Prepayment and other receivables		**5,944**	27,640
		149,015	202,293
CURRENT ASSETS			
Inventories		**216**	137
Trade receivables	*10*	**24,008**	64,305
Prepayment, deposits and other receivables		**34,446**	22,296
Prepaid tax		**–**	24
Cash and cash equivalents		**4,656**	3,188
		63,326	89,950
CURRENT LIABILITIES			
Trade payables	*11*	**10,268**	37,249
Lease liabilities		**687**	91
Other payables and accruals		**31,516**	31,823
Amount due to a director		**1,272**	1,138
Other loans		**5,062**	16,704
Convertible notes		**9,062**	–
Tax payables		**460**	–
		58,327	87,005
NET CURRENT ASSETS		**4,999**	2,945
TOTAL ASSETS LESS CURRENT LIABILITIES		**154,014**	205,238
NON-CURRENT LIABILITIES			
Lease liabilities		**416**	–
Other loans		**–**	1,340
Provision for rehabilitation		**2,697**	2,697
		3,113	4,037
NET ASSETS		**150,901**	201,201
CAPITAL AND RESERVES			
Equity attributable to owners of the Company			
Share capital		**30,420**	24,435
Reserves		**120,481**	176,766
TOTAL EQUITY		**150,901**	201,201

NOTES

For the year ended 31 December 2023

1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated 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 goods and services.

2. APPLICATION TO NEW AND AMENDMENTS TO IFRSs

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on 1 January 2023 for the preparation of the consolidated 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
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 *Making Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the IFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

The application of the amendments has had no material impact on the Group's financial positions and performance and/or affected the disclosure of the Group's accounting policies.

Except disclosed above, the application of other new and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IFRSs in issue but not yet effective

The Group has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS 16	Lease Liabilities in a Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[2]
Amendments to IAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

The directors anticipate that the application of all amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue represents the consideration for 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 regularly reviewed and evaluated by the Group's executive directors, who is identified as chief operating decision maker, for purposes of resource allocation and performance assessment. Accordingly, no segment information is presented. In addition, over 90% of the Group's total revenue were derived in the PRC and over 90% of the Group's non-current assets were located in the PRC, no geographical segment information in accordance with IFRS 8 is presented.

Information about products

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

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers recognised at a point in time:		
Marble slags	**56,261**	71,557
Sales of food	**2,230**	732
	58,491	72,289

Information about major customers

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

	2023	2022
	RMB'000	*RMB'000*
Customer A	**56,261**	71,557

Except for disclosed above, no other customers contributed 10% or more to the Group for both years.

Transaction allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contract for marble and related products and sales of food such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contract for sales of marble and related products and sales of food that had an original expected duration of one year or less.

4. OTHER INCOME AND GAINS, NET

	2023	2022
	RMB'000	*RMB'000*
Interest income	**3**	3
Imputed interest income on other receivables	**3,693**	868
Recovery of trade receivables	**–**	1,000
Exchange (loss)/gain, net	**(59)**	49
Recovery of other receivables	**358**	–
Government grants *(Note)*	**30**	83
Others	**86**	37
	4,111	2,040

Note:

During the year ended 31 December 2023, the amount represents government subsidies provided by the PRC local government as a support. There were no unfulfilled conditions or contingencies relating to these government grants.

During the year ended 31 December 2022, the amount represents government subsidies granted due to the COVID-19 pandemic under the Employment Support Scheme of the Hong Kong Government. There were no unfulfilled conditions or contingencies relating to these government grants.

5. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest on lease liabilities	**26**	6
Interest on loan from a director	**125**	349
Interest on other loans	**1,381**	1,531
	1,532	1,886

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2023	2022
	RMB'000	*RMB'000*
Cost of inventories sold	**1,647**	797
Production stripping costs (included in cost of sales)	**32,554**	41,404
Staff costs (including directors' remuneration):		
– Salaries and directors' fee	**7,468**	5,846
– Retirement benefits scheme contributions	**542**	218
– Allowance and benefits in kind	**137**	36
	8,147	6,100
Auditor's remuneration:		
– Audit services	**535**	538
– Non-audit services	**142**	139
Depreciation of property, plant and equipment	**1,881**	2,358
Depreciation of right-of-use assets	**460**	173
Expenses related to short-term lease	**1,613**	1,545
Impairment losses recognised in respect of:		
– property, plant and equipment	**21,668**	–
– intangible assets	**5,366**	–
– right-of-use assets	**283**	–
Loss on disposal of property, plant and equipment	**3,561**	3,247
Loss on disposal of right-of-use assets	**–**	37
Loss on unwinding of discount on other receivables	**–**	9,112

7. INCOME TAX (CREDIT)/EXPENSES

	2023	2022
	RMB'000	*RMB'000*
PRC Enterprise Income Tax		
– Current tax	**1,261**	1,126
– Over-provision in prior years	**(1,400)**	–
Income tax (credit)/expenses	**(139)**	1,126

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 tax rate of subsidiaries in Hong Kong are subject to Hong Kong Profit Tax at 16.5% for both years.

The tax rate of subsidiary in the UK is subject to Corporation Tax ("UK Corporation Tax") and is calculated at 19% for both years.

No provision for Hong Kong Profits Tax and UK Corporation Tax has been made for both years as the Group has no assessable profits arising in Hong Kong or in the UK.

8. LOSS PER SHARE

(a) Loss per share－Basic

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately RMB59,600,000 (2022: RMB61,884,000) and the weighted average number of 153,869,000 (2022: 141,604,000) ordinary shares in issue during the year.

(b) Loss per share－Diluted

The effects of all potential ordinary shares are anti-dilutive since their assumed conversion and exercise would result in a decrease in loss per share for both years.

The basic and diluted loss per share are the same for both years.

9. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2023, nor has any dividend been proposed subsequent to the end of the reporting period (2022: Nil).

10. TRADE RECEIVABLES

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

	2023	2022
	RMB'000	*RMB'000*
0 to 90 days	**23,028**	31,584
91 to 180 days	**–**	12,739
181 to 360 days	**–**	3,787
361 to 720 days	**980**	13,175
Over 720 days	**–**	3,020
	24,008	64,305

The credit period is generally up to three months.

11. TRADE PAYABLES

An aged analysis of trade payables, based on the invoice date, is as follows:

	2023	2022
	RMB'000	*RMB'000*
0 to 60 days	**10,082**	37,072
61 to 120 days	**–**	–
121 to 180 days	**–**	–
Over 180 days	**186**	177
	10,268	37,249

The average credit terms granted by the suppliers of the Group up to 90 days.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2023 (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Marble Slag

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

In FY2023, China's economy was headed for less-than-expected growth because of softening demand and a decline in exports. The weak global demand cast a shadow on the China's recovery to the fullest. In addition, the property sector in China has been going through the years-long liquidity crisis, including dozens of property developer defaults which was a drag on economic recovery. China's economy remains relatively soft as investors' confidence remains weak. Due to China's economic slowdown, sales volume of marble slags of the Group decreased by 21.4% from 2.8 million tons in FY2022 to 2.2 million tons in FY2023 and average selling price maintained the same at RMB26.0 per ton for both FY2022 and FY2023. The Company believes that China's economy will get better in coming years on the back of support policies from China government in order to revive investor confidence.

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 and takes orders online from UK customers on its website (www.cleplate.co.hk). The Group has its three own brands of "Celeplate 好食", "Burgogi Korean BBQ Burger" and "Y ā 鴨之" and rolled out five categories of food, such as (1) seafood and sashimi, (2) meat and wagyu, (3) BBQ and hotpot, (4) mushrooms and (5) oven-ready Peking duck. In FY2023, the Group has dabbled in being as an original equipment manufacturer ("OEM") and produces the packaged food for a Asian well-known brand company. The Group now has three main sales channels including e-commerce, distribution through retailing stores and business for OEM. For FY2023, sales of foods grew by approximately 204.6% as compared to that for FY2022. The Company believes that virtual kitchen would be one of the key growth potential businesses of the Group.

Exploration, Development and Production Activities

The Group focused on the development and mining at the Zhangjiaba mine during FY2023. The Zhangjiaba Mine 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 for the new mining sites during FY2023.

The Zhangjiaba mine is mainly divided into the eastern mining zone and the western mining zone. During FY2023, the Group continued to carry out the stripping of the overburden materials at the surface for both the eastern and western zone of the deposit. The deposit in these areas is still cracked. The Group expects that the further development of the mine to lower benches will be required for large block production. As the property sector has been facing much difficulties in China in coming next few years, the Company believes the demand of marble block would dwindle to a large extent. Due to full of uncertainties, the Group intended not to predict the timing of resumption of block extraction and production in the Zhangjiaba mine.

During FY2023, the aggregate expenditure of the mining operation of the Group was approximately RMB35.2 million (FY2022: RMB44.8 million), which mainly included depreciation on property, plant and equipment and amortization of mining right and land use right of approximately RMB2.6 million (FY2022: RMB3.1 million), consumable stores and other expenses of approximately RMB0.03 million (FY2022: RMB0.3 million), and subcontracting cost of stripping of approximately RMB32.6 million (FY2022: RMB41.4 million). The Group expanded the mine areas explored by the outsourced engineering team 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 RMB13.8 million or 19.1% from approximately RMB72.3 million for FY2022 to approximately RMB58.5 million for FY2023. The decrease was primarily due to a combined effect of (i) a decrease of approximately RMB15.3 million in sales of marble slags from approximately RMB71.6 million for FY2022 to approximately RMB56.3 million for FY2023, resulting from a decrease in demand of marble slags, and (ii) an increase of approximately RMB1.5 million in sales of food services for FY2023, resulting from more new products launched during FY2023.

Revenue by products

	Year ended 31 December		
	2023	2022	Change
	RMB'000	*RMB'000*	
Marble slags	**56,261**	71,557	–21.4%
Sale of food	**2,230**	732	+204.6%
	58,491	72,289	–19.1%

Analysis by sales volume and selling price of marble related business

	Year ended 31 December		
	2023	2022	Change
Sales volume:			
Marble slags *(thousand tons)*	**2,164**	2,752	–21.4%
Average selling prices:			
Marble slags *(RMB per ton)*	**26.0**	26.0	–

Gross profit and Gross profit margin

Gross profit decreased by approximately RMB5.2 million or 19.3% from approximately RMB26.8 million for FY2022 to approximately RMB21.6 million for FY2023.

Gross profit margin increased by 0.1 percentage points from 36.9% for FY2022 to 37.0% for FY2023.

Selling and distribution expenses

Selling and distribution expenses decreased from RMB8.5 million for FY2022 to RMB4.2 million for FY2023. The decrease was primarily due to a decrease in direct sales tax on sales of marble slags, resulting from a decrease in sales volume of marble slags.

Administrative expenses

Administrative expenses decreased from RMB38.3 million for FY2022 to RMB32.6 million for FY2023. The decrease was primarily due to a combined effect of (i) a decrease of approximately RMB9.1 million in provision for loss on unwinding of discount on other receivable; (ii) an increase of approximately RMB2.0 million in staff cost primarily due to an increase in manpower in virtual restaurant business and (iii) an increase of RMB1.8 million in consultancy fee in relation to financing of the Company.

Impairment loss under expected credit loss model

(i) Impairment loss in relation to trade receivable

The Group made an impairment loss of RMB9.6 million on trade receivable for FY2023, representing a decrease by RMB28.3 million, as compared to RMB37.9 million for FY2022. The impairment loss was provided for FY2023 primarily due to payment delays of the outstanding invoices owed from marble slab customers, due to tightening financial market conditions. The customers had long overdue outstanding invoices, most of which were for the goods delivered in 2020 and 2021. The Company believes the Covid-19 pandemic and debt crisis events hit hard for these customers and they have not recovered from the financial distress. The Company has made a full provision for impairment of the outstanding trade receivables overdue for more than two years according to the Company's accounting policies. The other trade receivables overdue less than two years would be impaired based on the ECL valuation assessment performed by an independent qualified valuer. The Group has been making progress to recover the outstanding invoice from these customers during FY2023 and afterwards. The customers of the Group have already settled for their outstanding overdue invoices of approximately RMB3.6 million during FY2023. The Company has continued to assess the repayment ability of these customers and actively communicate with them to recover the outstanding receivables.

(ii) Impairment loss in relation to other receivable

The Group made an impairment loss of RMB10.3 million on other receivable for FY2023, representing an increase of RMB7.2 million, as compared to RMB3.1 million for FY2022. The impairment loss in relation to other receivable was recognised for FY2023 and FY2022 due to the recoverability assessment of the return of payment for grinding mill machines and the construction of production plant from the suppliers. The suppliers agreed to refund the payment for grinding mill machines and the construction of production plant by instalments. During FY2023, the Group received the refund of RMB12.7 million from most of the suppliers as scheduled. The Group further received RMB2.2 million from one of the suppliers who made the payment with delays after the reporting date and up to the date of this announcement. In considering the current difficult economic environment, the impairment loss on other receivable for FY2023 increased by RMB7.3 million primarily due to payment delays resulting in heightening the risk of default for certain suppliers.

Impairment loss recognised in respect of non-financial assets

An impairment loss of RMB27.3 million was made on non-financial assets for FY2023, primarily due to a decrease in recoverable amount from cash-generating unit ("CGU") derived from the Zhangjiaba Mine. The Company engaged an independent qualified valuer to carry out a valuation of the recoverable amount of the CGU as at 31 December 2023, based on the value-in-use calculations. The valuation uses cash flow projections based on financial estimates covering the remaining useful life of 18 years ("Projection Period") and a discount rate of 24%. There was no change in the valuation method used in current and prior years. The decrease in recoverable amounts of CGU was primarily due to a decrease of expected production volume and lower the expected growth rate on sales of marble slags during the Projection Period, considering a decrease in sales of marble slags for current year, the weak global demand and China's economic headwinds.

Loss for the year attributable to owners of the Company

As a result of the foregoing, the Group recorded a loss of RMB59.6 million for FY2023, representing a decrease of RMB2.3 million as compared to a loss of RMB61.9 million for FY2022.

Liquidity and Capital Resources

As at 31 December 2023, the Group's total equity interests were approximately RMB150.9 million, representing a decrease of 25.0% as compared with RMB201.2 million as at 31 December 2022. The decrease was mainly attributable to a net loss of RMB59.6 million recorded for FY2023.

As at 31 December 2023, the Group had cash and bank balances of approximately RMB4.7 million (31 December 2022: approximately RMB3.2 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 31 December 2023, total borrowings of the Group of approximately RMB16.2 million (31 December 2022: RMB19.1 million) comprised other loans of approximately RMB5.1 million (31 December 2022: RMB18.0 million), a director's loan (included in amount due to directors) of approximately RMB1.0 million (31 December 2022: RMB1.0 million), convertible note of approximately RMB9.1 million (31 December 2022: Nil) and lease liabilities of approximately RMB1.1 million (31 December 2022: RMB91,000). The borrowings were unsecured and dominated in Hong Kong Dollar and United States dollar. The annual interest rate of the borrowings for FY2023 ranged from 2.0% to 12.7% per annum (FY2022: 5.0% to 12.7% per annum). The borrowings of approximately RMB15.8 million were repayable within one year which was accounted for as current liabilities of the Group and the borrowings of approximately RMB0.4 million were repayable beyond one year which was accounted for as non-current liabilities of the Group. The Group does not currently use any derivatives to manage the interest rate risk. Gearing ratio, representing total borrowings divided by total equity, was 0.09 (31 December 2022: 0.09).

Capital Expenditure

During FY2023, there was no capital expenditure incurred.

During FY2022, the Group's capital expenditure amounted to RMB1.3 million, which was primarily related to construction in progress on mining infrastructure.

Charge of the Group's assets

As at 31 December 2023 and 2022, the Group did not have any charges on its assets.

Significant investment held

As at 31 December 2023 and 2022, there were no material investments held by the Group.

Exposure to Fluctuations in Exchange Rates

The Group principally operates its businesses in the People's Republic of China ("PRC"). The Group is not exposed to significant foreign exchange risk as most of the Group's business transactions, assets and liabilities are principally denominated in RMB, which is the functional and reporting currency of the Group, except certain administrative expenses of the Hong Kong office which were denominated in Hong Kong dollars and United States dollars. The Group has not entered into any foreign exchange contracts as hedging measures.

Contingent liabilities

As at 31 December 2023 and 2022, the Group did not have any significant contingent liabilities.

Capital Commitments

As at 31 December 2023 and 2022, the Group did not have any significant capital commitments.

Human Resources

As at 31 December 2023, the Group had employed a total of 36 employees (31 December 2022: 38 employees). The total staff cost, including directors' emoluments, share options benefit and pension scheme contribution, was approximately RMB8.1 million for FY2023 (FY2022: RMB6.1 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 a discretionary bonus to its employees as an incentive for their contribution to the Group.

BUSINESS REVIEWS AND PROSPECTS

After lifting the three years of coronavirus-related restriction at the start of 2023, there were hopes for a strong recovery for China's economy but it seems to have come to a more uncertain end because of geopolitical tensions, sluggish domestic demand and a global economic slowdown. China economy remained relatively soft due to weak confidence over the investment environment and a decline in exports due to weak global demand. A number of enterprises, especially small and medium one, continued to struggle with their financial liquidity. China government has rolled out more support measures to ease the cash flow pressure, however, it needs to take time for them to translate into improved market confidence. Looking forward to 2024, the Company believes that China's economic growth momentum will hold stable and gradually improve when the China government's support measures begin to take effect. For FY2023, sales of marble slags dropped by approximately 21.4 % from approximately RMB71.6 million for FY2022 to approximately RMB56.3 million for FY2023 as a result of subdued demand and weak consumption and gross profit margin of marble slags business increased from approximately 37.4% to approximately 37.5%.

The Company commenced a virtual restaurant brand for a delivery-only operation. The Group has launched its own website of the virtual restaurant (www.celeplate.co.uk) which the Group takes orders for ready-to-cook meal kits from retail customers. The meal kits are prepared out of its own central kitchen. Since year 2023, the Group has commenced to sell the products to retailing stores and supermarkets as a new distribution channel. The Group has been enriching the variety of ready-to-cook meal kits, including fresh meat and seafood, Korean BBQ and hotpot, oven-ready Peking duck, sashimi 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. During FY2023, sales of food for the virtual restaurant business grew by approximately 204.6% as compared to FY2022. The Group believes that the virtual restaurant would be one of key growth potential businesses of the Group.

After a long period of feasibility study and negotiation, the Group has decided to reap the opportunities to develop the mining business in Chile. Chile has a long mining tradition and the Chilean government has been supportive of the mining industry. The Company has entered into a memorandum of understanding with a potential vendor who owns mining rights on the two gold mines located in Marquina Commune, Valdivia Province, Los Rios Region in southern Chile in order to jointly develop the gold mines. Demand of gold has seen an upward trend in recent years. Gold is mainly demanded for the purpose of jewellery and investment. The years ahead will be framed by continued geopolitical tensions between the US and China, wars in Ukraine and Gaza and worries on potential global economic recession. All these factors will drive a rise in demand and price of gold. The Company believes it is a good opportunity for the Company to extend the mining business of the Group to metal mining in overseas market.

Ahead of years, China has to overcome headwinds from geopolitical tensions and slowing global economy. The Company believes the growth of mining business in China will maintain and hold stable. The Company eyes on overseas expansion as a driver of the growth for the Group. The Group will continue to be alert and maintain a high degree of vigilance to monitor the market situation and to identify risk signals that that could adversely affect the Group’s business. The Group will also continue to consolidate the production and operations of the mining business and extend the customer base to improve its business performance. 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 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 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 FY2023, and the Company was not aware of any non-compliance with such required standard of dealings regarding securities transactions by Directors throughout FY2023.

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 is responsible for implementing good corporate governance of the Company and 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 all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") for FY2023 except for deviation from code provisions C.2.1, C.1.8 and F.2.2 of the CG Code.

Deviation from C.2.1 of the CG Code

The roles of the Chairman and the chief executive officer (the "CEO") are clearly defined and segregated to ensure independence and proper checks and balances. The Chairman focuses on the business strategy and direction of the Company and has executive responsibility, provides leadership for the Board and ensures proper and effective functioning of the Board in discharging of its responsibilities. The CEO is accountable to the Board for the overall implementation of the Company's strategies and the co-ordination of overall business operations.

Under code provision C.2.1 of the CG Code, the roles of chairman and 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 FY2023, 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 task of setting and implementing the Company's direction and strategy. The Board is of the view that there is a sufficient balance of power and the current arrangement maintains a strong management position of the Company.

Deviation from C.1.8 of the CG Code

Under code provision of C.1.8 of the 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 F.2.2 of the CG Code

Under code provision F.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 FY2023, 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 deviation and will continue to bring the importance of attending AGMs to the attention of each committee's chairman and its members.

AUDIT COMMITTEE

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 2023, 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.

SIGNIFICANT EVENT AFTER REPORTING PERIOD

There has been no significant event that affected the Group after 31 December 2023 and up to the date of this announcement.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2023 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 (www.hkex.com.hk) and the Company's website (www.kingstonemining.com), and the 2023 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, 26 March 2024

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