
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Kingstone Mining Holdings Limited**, you should at once hand the Prospectus Documents to the purchaser(s) or the transferee(s), or to the bank manager, licensed securities dealer, registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser(s) or transferee(s).

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "15. Documents delivered to the Registrar of Companies in Hong Kong" in "Appendix III General information" to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents or any other document(s) referred to above.

The attention of Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or holding Shares on behalf of beneficial owners of Shares with such addresses is drawn to the paragraph headed "Rights of the Overseas Shareholders (if any)" in the "Letter from the Board" of this Prospectus.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.



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)

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; AND (2) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEMES

Financial Adviser to the Company



Placing Agent to the Rights Issue



Unless the context requires otherwise, capitalised terms used in this cover shall have the same meanings as those defined in this Prospectus.

The latest time for payment for and acceptance of the Rights Shares is at 4:00 p.m. on Tuesday, 11 February 2025. The procedures for acceptance and transfer of the Rights Shares are set out in the section headed "Procedures for acceptance, splitting of PAL and payment or transfer" in the "Letter from the Board" of this Prospectus.

It should be noted that the Shares have been dealt on an ex-rights basis from Tuesday, 14 January 2025. Dealings in the Rights Shares in their nil-paid form will take place from Monday, 27 January 2025 to Thursday, 6 February 2025 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or waived (as applicable), the Rights Issue will not proceed. Any persons contemplating dealings in the Shares prior to the date on which the conditions of the Rights Issue are fulfilled or waived (as applicable), and/or dealings in the nil-paid Rights Shares, are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the paragraph headed "Conditions of the Rights Issue" in the "Letter from the Board" of this Prospectus. Shareholders and potential investors of the Company should note that: (a) if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed; and (b) the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placers under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no requirement for minimum amount to be raised under the Rights Issue. Accordingly, the Rights Issue and the Placing may or may not proceed. Any Shareholder or other person contemplating transferring, selling, purchasing or otherwise dealing with the Shares and/or the Rights Shares in their nil-paid forms is advised to exercise caution when dealing in the Shares and/or Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled, will accordingly bear the risk that the Rights Issue and the Placing may not become unconditional or may not proceed.

23 January 2025

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DEFINITIONS

In this Prospectus, the following expressions shall have the following meanings unless the context requires otherwise:

“2011 Share Option Scheme”	share option scheme adopted by the Company on 24 January 2011
“2020 Share Option Scheme”	share option scheme adopted by the Company on 29 June 2020
“acting in concert”	has the same meaning ascribed thereto under the Takeovers Code
“Amended and Restated Subscription Agreement”	the amended and restated subscription agreement dated 8 November 2023 entered into by the Company, Advance Opportunities Fund VCC and Advance Opportunities Fund I in relation to the issue by the Company and the subscription by Advance Opportunities Fund VCC and Advance Opportunities Fund I of the 2.0% redeemable convertible notes convertible into the Shares with an aggregate nominal value of up to HK\$200 million
“Announcement”	the announcement of the Company dated 27 December 2024 in relation to, among other things, the Rights Issue and the Placing Agreement
“associate(s)”	has the same meaning ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted by HKSCC to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted by HKSCC to participate in CCASS as a custodian participant

DEFINITIONS

“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	China Kingstone Mining Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, and the shares of which are listed on the Stock Exchange (Stock Code: 1380)
“Compensatory Arrangements”	the arrangement involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Drawdown Notice”	a notice to be issued by the Company to the Subscribers in accordance with the Amended and Restated Subscription Agreement, to notify the Subscribers of the exercise of the Company’s right to issue the Convertible Notes to the Subscribers
“General Rules of HKSCC”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited

DEFINITIONS

“HKSCC Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are third party(ies) independent of the Company and its connected person(s) in accordance with the Listing Rules
“Intermediary”	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owner’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the beneficial owner’s shares with a CCASS Participant
“Last Trading Day”	Friday, 27 December 2024, being the last trading day of the Shares on the Stock Exchange immediately before the publication of the Announcement
“Latest Practicable Date”	16 January 2025, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 11 February 2025, or such other time as the Company may determine, being the latest time and date for payment for and acceptance of the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Wednesday, 19 February 2025, or such later time or date as may be agreed by the Company and the Placing Agent in writing, being the latest time for termination of the Placing Agreement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or as otherwise modified from time to time

DEFINITIONS

“No Action Shareholders”	those Qualifying Shareholders who do not subscribe for the Right Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) (if any) in respect of whom the Board, after making relevant enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form
“NQS Unsold Rights Shares”	the NQS Rights Shares that have not been sold by the Company
“Overseas Shareholder(s)”	the Shareholder(s) (if any) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	professional persons, institutional, corporate or individual investor(s), who and whose respective ultimate beneficial owner(s) shall be Independent Third Party(ies) and not acting in concert with the connected persons of the Company and their respective associates, procured by the Placing Agent and/or its sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement

DEFINITIONS

“Placing”	the placing of up to 101,982,926 Unsubscribed Rights Shares (assuming no Shares are issued or bought back by the Company on or after the date of the Placing Agreement and on or before the Record Date) and up to 105,947,840 Unsubscribed Rights Shares (assuming no Shares are issued or bought back by the Company on or after the date of the Placing Agreement and on or before the Record Date other than the full exercise of the Vested Share Options) by the Placing Agent and/or its sub-placing agents(s) to the independent placees on the terms and conditions of the Placing Agreement
“Placing Agent”	KGI Asia Limited, a licensed corporation carrying out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, being the placing agent appointed by the Company pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement dated 27 December 2024 entered into between the Company and the Placing Agent in relation to the Placing
“Posting Date”	Thursday, 23 January 2025, or such other date as the Company may determine, being the date of despatch of the Prospectus Documents
“PRC”	the People’s Republic of China, for the purpose of this Prospectus, not including Hong Kong, the Macau Special Administrative Region of the PRC, and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Public Float Requirement”	the public float requirement under Rule 8.08(1)(a) of the Listing Rules which requires, <i>inter alia</i> , at least 25% of the issuer’s total number of issued shares must at all times be held by the public
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)

DEFINITIONS

“Record Date”	Wednesday, 22 January 2025, or such other date as the Company may determine, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue of Rights Shares by way of rights issue on the basis of two (2) Rights Shares for every five (5) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price
“Rights Share(s)”	the new Share(s) to be allotted and issued in respect of the Rights Issue
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the ordinary share(s) of par value of HK\$0.20 each in the share capital of the Company
“Share Option”	the option(s) to subscribe for new Shares granted under the 2011 Share Option Scheme and/or 2020 Share Option Scheme
“Share Option Schemes”	the 2011 Share Option Scheme and the 2020 Share Option Scheme
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.20 per Right Share
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Unsubscribed Rights Share(s)”	those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the paragraph headed “Arrangements for the NQS Rights Shares” in the “Letter from the Board” of this Prospectus
“Vested Share Options”	outstanding and vested Share Options granted to subscribe for 9,912,287 Shares pursuant to the Share Option Schemes that are exercisable on or before the Record Date
“%”	per cent.

Certain amounts and percentage figures set out in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables and the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is indicative only. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Event	Date
Last day of dealings in the Shares on a cum-rights basis	Monday, 13 January 2025
First day of dealings in the Shares on an ex-rights basis	Tuesday, 14 January 2025
Latest day and time for lodging transfer documents of the Shares in order to be qualified for the Rights Issue	4:30 p.m. on Wednesday, 15 January 2025
Closure of the register of members of the Company for determining entitlements under the Rights Issue (both dates inclusive)	Thursday, 16 January 2025 to Wednesday, 22 January 2025
Record Date for determining entitlements under the Rights Issue	Wednesday, 22 January 2025
Re-opening of the register of members of the Company	Thursday, 23 January 2025
Despatch of the Prospectus Documents (including the PAL and the Prospectus; in the case of the Non-Qualifying Shareholders, the Prospectus only)	Thursday, 23 January 2025
First day and time of dealings in nil-paid Rights Shares	9:00 a.m. on Monday, 27 January 2025
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Monday, 3 February 2025
Last day of dealings in nil-paid Rights Shares	Thursday, 6 February 2025
Latest time for payment for and acceptance of Rights Shares	4:00 p.m. on Tuesday, 11 February 2025

EXPECTED TIMETABLE

Event	Date
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the payment of Net Gain	4:00 p.m. on Tuesday, 11 February 2025
Announcement of the number of the Unsubscribed Rights Shares subject to the Compensatory Arrangements	Thursday, 13 February 2025
Commencement of the placing of the Unsubscribed Rights Shares by the Placing Agent	Friday, 14 February 2025
Latest time for the placing of the Unsubscribed Rights Shares by the Placing Agent	4:00 p.m. on Tuesday, 18 February 2025
Latest time for terminating the Placing Agreement	4:00 p.m. on Wednesday, 19 February 2025
Announcement of results of the Rights Issue to be published on the respective websites of the Stock Exchange and the Company	Thursday, 20 February 2025
Despatch of Share certificates for fully-paid Rights Shares	Friday, 21 February 2025
Despatch of refund cheques, if any, if the Rights Issue is terminated	Friday, 21 February 2025
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Monday, 24 February 2025
Designated broker starts to stand in the market to provide matching services for odd lots of the Shares	9:00 a.m. on Monday, 24 February 2025
Designated broker ceases to stand in the market to provide matching services for odd lots of the Shares	4:00 p.m. on Monday, 17 March 2025
Payment of the Net Gain (if any) to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any)	Monday, 17 March 2025

EXPECTED TIMETABLE

All times and dates specified in this Prospectus refer to Hong Kong local times and dates. The dates or deadlines specified in the expected timetable above or in other parts of this Prospectus are indicative only and may be extended or varied by the Company in agreement with the Placing Agent in accordance with the Listing Rules. Any consequential changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning or “extreme conditions” caused by super typhoons as announced by the Government of Hong Kong:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 11 February 2025. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 11 February 2025. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on Tuesday, 11 February 2025, the dates mentioned above in this section may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

EXPECTED TIMETABLE

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares, in nil-paid and fully-paid forms. Accordingly, the Rights Issue may or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

The Shares are expected to be dealt in on an ex-rights basis from Tuesday, 14 January 2025. Dealings in the Rights Shares in nil-paid form are expected to take place from 9:00 a.m. on Monday, 27 January 2025 to 4:00 p.m. on Thursday, 6 February 2025 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or waived (as applicable) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the existing Shares and/or the nil-paid Rights Shares. Any party (including Shareholders and potential investors of the Company) who is in any doubt about his/her/ its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO SHAREHOLDERS WITH REGISTERED ADDRESSES IN JURISDICTIONS OUTSIDE HONG KONG AND NEITHER IS THE RIGHTS ISSUE BEING MADE TO INVESTORS WHO ARE LOCATED OR RESIDING IN ANY OF THE JURISDICTIONS OUTSIDE HONG KONG, UNLESS AN OFFER OF RIGHTS SHARES AND NIL-PAID RIGHTS SHARES INTO SUCH JURISDICTIONS COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER LEGAL OR REGULATORY REQUIREMENTS OR THE OFFER IS MADE IN RELIANCE ON ANY EXEMPTION OR WHERE COMPLIANCE IS NOT UNDULY BURDENSOME.

EXPECTED TIMETABLE

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer, invitation or solicitation is unlawful. None of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus and the PAL have been or will be registered or filed under the securities laws of any jurisdiction or with any securities commission or similar regulatory authority in any jurisdiction other than in Hong Kong and none of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus and the PAL will qualify for distribution under any of the relevant securities laws of any of the jurisdictions outside Hong Kong (other than pursuant to any applicable exceptions as agreed by the Company).

Accordingly, the nil-paid Rights Shares and the fully-paid Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions outside Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions other than in Hong Kong, or exemption from the registration or qualification requirements under applicable rules of such jurisdictions.

Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or who hold Shares on behalf of persons with such addresses should refer to the paragraph headed “Rights of the Overseas Shareholders (if any)” in the “Letter from the Board” of this Prospectus.

Each person acquiring the nil-paid Rights Shares and/or Rights Shares under the Rights Issue will be required to confirm, or be deemed by his acquisition of the nil-paid Rights Shares and/or Rights Shares to confirm, that he is aware of the restrictions on offers and sales of the nil-paid Rights Shares and/or Rights Shares described in this Prospectus.

LETTER FROM THE BOARD



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)

Executive Directors:

Ms. Zhang, Cuiwei
Mr. Zhang, Weijun
Mr. Zhang, Mian

Independent Non-executive Directors:

Mr. Yang, Ruimin
Mr. Andreas Varianos
Ms. Zu, Rui

Registered office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

Principal place of business in

Hong Kong:

Unit 14, 18/F., Seapower Tower
Concordia Plaza
No. 1 Science Museum Road
Kowloon, Hong Kong

23 January 2025

*To the Qualifying Shareholders,
and for information purpose only, the Non-Qualifying Shareholders*

Dear Sir or Madam,

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
TWO (2) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING SHARES
HELD ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS;
AND
(2) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS UNDER THE
SHARE OPTION SCHEMES**

INTRODUCTION

Reference is made to the Announcement in relation to, among other matters, the Rights Issue and the Placing Agreement.

LETTER FROM THE BOARD

The purpose of this Prospectus is to provide you with, among other things, (i) further details of the Rights Issue, including the procedures for acceptance of the Rights Shares provisionally allotted to the Qualifying Shareholders; (ii) financial information of the Group; (iii) unaudited pro forma financial information of the Group; and (iv) other information of the Group.

PROPOSED RIGHTS ISSUE

The Company proposes to issue (i) 101,982,926 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date, if fully subscribed) or (ii) 105,947,840 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the exercise in full of the Vested Share Options, if fully subscribed), to raise gross proceeds of up to approximately HK\$20.4 million or approximately HK\$21.2 million, respectively, at the Subscription Price of HK\$0.20 per Rights Share on the basis of two (2) Rights Shares for every five (5) existing Shares held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

The net proceeds from the Rights Issue (after deducting all necessary costs and expenses) are estimated to be approximately HK\$18.9 million (assuming no change in the number of Shares in issue on or before the Record Date, if fully subscribed) or approximately HK\$19.7 million (assuming no change in the number of Shares in issue on or before the Record Date other than the exercise in full of the Vested Share Options, if fully subscribed). The Company intends to apply the net proceeds from the Rights Issue as to approximately HK\$13.4 million for general working capital of the Group and as to approximately HK\$5.5 million for investment in potential business opportunities.

LETTER FROM THE BOARD

Rights Issue statistics

Basis of the Rights Issue:	Two (2) Rights Shares for every five (5) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price:	HK\$0.20 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	254,957,315 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue:	Up to 101,982,926 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date, if fully subscribed); or Up to 105,947,840 (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the Vested Share Options, if fully subscribed)
Aggregate nominal value of the Rights Shares:	Up to HK\$20,396,585 (assuming no change in the number of Shares in issue on or before the Record Date, if fully subscribed); or Up to HK\$21,189,568 (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the Vested Share Options, if fully subscribed)
Total number of Shares in issue upon completion of the Rights Issue:	Up to 356,940,241 (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue); or Up to 370,817,442 (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares and the full exercise of the Vested Share Options) will be allotted and issued on or before completion of the Rights Issue)

LETTER FROM THE BOARD

Gross proceeds from the Rights Issue:

Up to approximately HK\$20.4 million before deduction of the costs and expenses which the Company will incur in the Rights Issue (assuming no change in the number of Shares in issue on or before the Record Date, if fully subscribed); or

Up to approximately HK\$21.2 million before deduction of the costs and expenses which the Company will incur in the Rights Issue (assuming no change in the number of Shares in issue on or before the Record Date other than the exercise in full of the Vested Share Options, if fully subscribed)

As at the Latest Practicable Date, there are 9,912,287 outstanding Share Options granted by the Company, which are exercisable into 9,912,287 Shares. Save for the foregoing, as at the Latest Practicable Date, the Company has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into or confer any right to subscribe for Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, if fully subscribed, the 101,982,926 Rights Shares proposed to be issued pursuant to the Rights Issue represent (i) approximately 40.00% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 28.57% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue.

Assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the Vested Share Options and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, if fully subscribed, the 105,947,840 Rights Shares proposed to be issued pursuant to the Rights Issue represent (i) approximately 41.56% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 28.57% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue.

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Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. The Bermuda legal advisers of the Company have confirmed that pursuant to the Company's constitutional documents and the Companies Act of Bermuda, there are no requirements for minimum levels of subscription in respect of the Rights Issue.

In the event that the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders under PAL(s), or transferees of nil-paid Rights Shares together with the NQS Unsold Rights Shares will be placed to independent placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares that are not placed under the Compensatory Arrangements will not be issued by the Company, and hence, the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code, or may result in the non-compliance by the Company of the Public Float Requirement under Rule 8.08 of the Listing Rules. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken-up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (i) does not trigger an obligation on the part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules; and/or (ii) does not result in the non-compliance of the Public Float Requirement on the part of the Company.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. There is no minimum amount to be raised under the Rights Issue.

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The Shares are expected to be dealt in on an ex-rights basis from Tuesday, 14 January 2025. Dealings in the Rights Shares in nil-paid form are expected to take place from 9:00 a.m. on Monday, 27 January 2025 to 4:00 p.m. on Thursday, 6 February 2025 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or waived (as applicable) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Undertakings

The Company has not received any information or irrevocable undertaking from any substantial shareholder of the Company of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the Latest Practicable Date.

Qualifying Shareholders and Non-Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders only. The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. Unless Qualifying Shareholders submit their requests in writing to the Company for printed copies of the Prospectus, the Company will send the Prospectus to Qualifying Shareholders in electronic form, while the PAL will be sent in printed copies. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL to them.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder. Shareholders having an address in Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will qualify for the Rights Issue. Shareholders having an address outside Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will not qualify for the Rights Issue if the Board, after making relevant enquiries, considers that the exclusion of such Overseas Shareholders from the Rights Issue would be necessary or expedient on account either of legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place.

LETTER FROM THE BOARD

Shareholders with their Shares held by nominee(s) (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as a member of the Company by the Record Date, all transfer documents of the Shares (with the relevant share certificates) must be lodged for registration with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Wednesday, 15 January 2025. The last day for dealing in the Shares on a cum-rights basis is Monday, 13 January 2025, and the Shares will be dealt with on an ex-rights basis from Tuesday, 14 January 2025.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a cheque or banker's cashier order for the Rights Shares being applied for with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before the Latest Time for Acceptance.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

The Company will send the Prospectus Documents to the Qualifying Shareholders. The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL to them.

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Rights of the Overseas Shareholders (if any)

The Prospectus Documents will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue.

Based on the register of members of the Company as at the Latest Practicable Date, there were two Overseas Shareholders, with registered addresses situated in the PRC, holding an aggregate of 2,202,183 Shares representing approximately 0.86% of the issued share capital of the Company.

Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Company has made necessary enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders in the PRC. Taking into account the advice provided by legal adviser in the PRC, the Directors are of the view that it is necessary and expedient to exclude the Overseas Shareholder with registered addresses located in the PRC from the Rights Issue, as the extension of the Rights Issue to such Non-Qualifying Shareholders would, or might, in the absence of compliance with registration or other exemption requirements or other special formalities or specific requirements in the PRC, be unlawful or impracticable, and the cost to be incurred and the time required for complying with the registration and/or other relevant requirements would outweigh any possible benefit to the Company and the Non-Qualifying Shareholders. Therefore, such Overseas Shareholders are Non-Qualifying Shareholders and the Rights Issue will not be extended to such Overseas Shareholders. The Company will send a copy of this Prospectus (without the PAL) to such Non-Qualifying Shareholders for information only.

The Board notes the requirements specified in Rule 13.36(2)(a) of the Listing Rules and will continue to ascertain whether there are any Overseas Shareholders at the Record Date and will make enquiries in the relevant jurisdictions as to the feasibility of extending the Rights Issue to the Overseas Shareholders, if any. If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to the relevant Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, such Overseas Shareholders will become Non-Qualifying Shareholders and the Rights Issue will not be extended to them. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL to them.

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The Non-Qualifying Shareholders (which are excluded from the Rights Issue) will not have any entitlement under the Rights Issue. However, arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro-rata (but rounded down to the nearest cent) to the Non-Qualifying Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit.

As the register of members of the Company had already been closed as at the Latest Practicable Date and would remain closed up to the Record Date, save as disclosed above, there would be no additional Overseas Shareholder and hence Non-Qualifying Shareholder on the Record Date.

Arrangements for the NQS Rights Shares

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before the last day for dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. Any net proceeds of sale thereof, after deduction of expenses, will be paid in Hong Kong dollars to the Non-Qualifying Shareholders pro rata to their respective entitlements as at the close of business on the Record Date, provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit. Any such unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders would otherwise have been entitled will be offered for subscription by the Placing Agent to the independent places under the Placing.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Non-Qualifying Shareholders should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

LETTER FROM THE BOARD

Basis of provisional allotments

The basis of the provisional allotment shall be two (2) Rights Shares for every five (5) existing Shares in issue and held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by lodging a duly completed PAL with a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance. Any holdings (or balance of holdings) of less than five (5) Shares will not entitle their holders to be provisionally allotted a Rights Share. Please refer to the arrangement as referred to in the paragraph headed "Fractions of Rights Shares" in the "Letter from the Board" of this Prospectus. There will be no excess application arrangements in relation to the Rights Issue.

Subscription Price

The Subscription Price is HK\$0.20 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a premium of approximately 29.87% to the closing price of HK\$0.154 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 16.28% to the closing price of HK\$0.172 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 19.62% to the average closing price of approximately HK\$0.167 per Share for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a premium of approximately 24.22% to the average closing price of approximately HK\$0.161 per Share for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (v) a premium of approximately 11.11% to the theoretical ex-rights price of approximately HK\$0.180 per Share, based on the closing price of HK\$0.172 per Share as quoted on the Stock Exchange on the Last Trading Day;

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- (vi) a discount of approximately 68.12% to the latest audited consolidated net asset value per Share as at 31 December 2023 of approximately HK\$0.627 calculated based on the audited consolidated net assets of the Group attributable to the Shareholders of approximately RMB150,901,000 (approximately HK\$159,955,060) as at 31 December 2023 as set out in the Company's annual report 2023 and 254,957,315 Shares in issue as at the Latest Practicable Date;
- (vii) a discount of approximately 65.60% to the latest unaudited consolidated net asset value per Share as at 30 June 2024 of approximately HK\$0.581 calculated based on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately RMB139,852,000 (approximately HK\$148,243,120) as at 30 June 2024 as set out in the Company's interim report 2024 and 254,957,315 Shares in issue as at the Latest Practicable Date; and
- (viii) there is no theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) as there is a premium of approximately 4.65%, represented by the theoretical diluted price of approximately HK\$0.180 per Share to the benchmarked price (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.172 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the Announcement of approximately HK\$0.168 per Share) of approximately HK\$0.172 per Share.

The estimated net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of the Rights Shares will be approximately HK\$0.19 (assuming no change in the number of Shares in issue on or before the Record Date, if fully subscribed).

The Subscription Price was determined by the Company with reference to, among others, (i) the recent closing prices of the Shares; (ii) prevailing market conditions and financial position of the Group; (iii) the amount of funds the Company intends to raise under the Rights Issue; and (iv) the reasons as discussed in the paragraph headed "Reasons for and benefits of the Rights Issue and use of proceeds" in the "Letter from the Board" of this Prospectus.

In view of the above, and having considered that all the Qualifying Shareholders will be offered an equal opportunity to subscribe for the Rights Shares by way of provisional allotment, the Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue and the Placing Agreement, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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The theoretical dilution price and the benchmarked price for the Rights Issue are approximately HK\$0.180 per Share and HK\$0.172 per Share, respectively. There is no theoretical dilution impact of the Rights Issue and is in compliance with Rule 7.27B of the Listing Rules.

Status of Rights Shares

The Rights Shares (when allotted, issued and fully-paid) will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid, the record dates of which are on or after the date of allotment and issue of the fully-paid Rights Shares.

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, and any other applicable fees and charges in Hong Kong.

Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue” the “Letter from the Board” of this Prospectus, share certificates for all fully-paid Rights Shares are expected to be posted on or around Friday, 21 February 2025 by ordinary post to the allottees, at their own risk, to their registered addresses. If the Rights Issue does not become unconditional, refund cheques will be posted on or around Friday, 21 February 2025 by ordinary post to the respective Shareholders, at their own risk, to their registered addresses.

Odd lot arrangements

In order to facilitate the trading of odd lots (if any) of the Shares, the Company has appointed the Placing Agent to stand in the market to match the purchase and sale of odd lots of the Shares at the relevant market price, on a best effort basis. Shareholders of odd lots of the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up to a full board lot may contact Mr. Tang Siu Lap, Weber of KGI Asia Limited at 41/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong (telephone number: 2878 6993) during the period from 9:00 a.m. on Monday, 24 February 2025 to 4:00 p.m. on Monday, 17 March 2025, both days inclusive. Shareholders should note that matching of the sale and purchase of odd lots of the Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

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Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders and no entitlements of the Non-Qualifying Shareholders to the Rights Shares shall be issued to the Non-Qualifying Shareholders. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Overseas Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Application for listing of the Rights Shares

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be in the board lots of 10,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements

Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent placees for the benefit of the relevant No Action Shareholders and Non-Qualifying Shareholders. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue.

The Company appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to independent placees. Any premium over, the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses/fees), that is realised will be paid to the No Action Shareholders and the Non-Qualifying Shareholders on a pro-rata basis. The Placing Agent will on a best effort basis, procure, by not later than 6:00 p.m. on the Placing end date, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Shares if a premium over the Subscription Price and the expenses of procuring such acquirers (including any related commissions and any other related expenses/fees) can be obtained. Any Unsubscribed Rights Shares and the NQS Unsold Shares remain not placed after completion of the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Shares) to the No Action Shareholders and the Non-Qualifying Shareholders (but rounded down to the nearest cent). It is proposed that Net Gain to any of the No Action Shareholder(s) or the Non-Qualifying Shareholders of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders and the Non-Qualifying Shareholders may or may not receive any Net Gain.

Distribution of the Prospectus Documents

The Prospectus Documents are not intended to be, have not been and will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will only send this Prospectus accompanied by the other Prospectus Documents to the Qualifying Shareholders on the Posting Date. However, to the extent reasonably practicable and legally permitted, the Company will send this Prospectus, for information purposes only, to the Non-Qualifying Shareholders (if any). The Company will not send any PALs to the Non-Qualifying Shareholders (if any).

Distribution of this Prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of the Prospectus Documents (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) should inform themselves of and observe any such

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restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or beneficial owner of the Shares who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay.

Receipt of this Prospectus and/or a PAL or the crediting of nil-paid rights to a stock account in CCASS does not and will not constitute an offer in any jurisdiction in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or a PAL must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this Prospectus and/or a PAL or whose stock account in CCASS is credited with nil-paid rights should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer the nil-paid rights to any person in, into or from, any such jurisdiction. If a PAL or a credit of nil-paid rights in CCASS is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL or transfer the nil-paid rights in CCASS unless the Company determines that such action would not violate any applicable legal or regulatory requirements.

Any person (including, without limitation, agents, custodians, nominees and trustees) who does forward this Prospectus or a PAL in, into or from any such jurisdiction (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

No part of the Prospectus Documents should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the written consent of the Company.

Beneficial owners of the Shares who reside outside Hong Kong should note that the Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid rights or fully-paid Rights Shares or to take up any entitlements to nil-paid rights or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

It is the responsibility of the relevant beneficial owners and/or their respective agents, custodians, nominees or trustees wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

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Procedures for acceptance, splitting of PAL and payment or transfer

A PAL is a form of temporary document of title and will be despatched in printed form to the Qualifying Shareholder(s) as enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Tuesday, 11 February 2025 (or, under bad weather conditions, such later time and/or date as mentioned in the paragraph headed "Effect of bad weather and/or extreme conditions on the Latest Time for Acceptance of and payment for the Rights Shares" in the "Expected Timetable" of this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**CHINA KINGSTONE MINING HOLDINGS LTD**" and crossed "**ACCOUNT PAYEE ONLY**". It should be noted that unless the duly completed PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Tuesday, 11 February 2025, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete the incomplete PAL at a later stage. Qualifying Shareholder(s) must pay the exact amount payable upon application for Rights Shares, and any underpaid application will be rejected. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of a Qualifying Shareholder's rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the entire original PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Monday, 3 February 2025 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, after 9:00 a.m. on the second Business Day following the surrender of the original PAL. This process is commonly referred to as "splitting" of nil-paid

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Rights Shares. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares. The PAL contains the full information regarding the procedures to be followed for Qualifying Shareholders who wish to: (i) accept their provisional allotment in full; (ii) accept only part of their provisional allotment; or (iii) renounce/transfer all or part of their provisional allotment to other party/parties. Qualifying Shareholders are advised to study the procedures set out in the PAL carefully. If any of the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue” in the “Letter from the Board” of this Prospectus is not fulfilled at or prior to the respective time stipulated therein or such later date as may be considered by the Company, the Rights Issue will not proceed. Under such circumstances, the monies received in respect of application for the Rights Shares will be returned to the relevant applicants or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Friday, 21 February 2025.

Cheques and cashier orders

All cheques and cashier’s orders accompanying duly completed PALs will be presented for payment immediately upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier’s order in payment for the Rights Shares, whether by a Qualifying Shareholder or any nominated transferee, will constitute a warranty by the applicant that the cheque or the cashier’s order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque or cashier’s order is dishonoured on first presentation, and in that event the relevant provisional allotment of Rights Shares and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. You must pay the exact amount payable upon application for Rights Shares, and any underpaid application will be rejected. No receipt will be issued in respect of any PAL and/or relevant monies received.

Beneficial owners’ instructions to their Intermediary

For beneficial owners whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, if they wish to subscribe for the Rights Shares provisionally allotted to them, or sell their nil-paid Rights Shares or “split” their nil-paid Rights Shares by accepting part of their provisional allotment and selling/transferring the remaining part, they should contact their Intermediary and provide their Intermediary with instructions or make arrangements with their Intermediary in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for the Rights Shares which have been provisionally allotted to them in respect of the Shares in which they are beneficially interested. Such instructions and the relevant arrangements should be given or made in advance of the relevant dates stated in the “Expected Timetable” of this Prospectus and otherwise in accordance with the requirements of their Intermediary in order to allow their Intermediary sufficient time to ensure that their instructions are given effect. The

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procedures for acceptance, transfer and/or “splitting” in these cases shall be in accordance with the General Rules of HKSCC and HKSCC Operational Procedures and any other applicable requirements of CCASS.

THE PLACING AGREEMENT

On 27 December 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure independent placee(s) to subscribe for the Unsubscribed Rights Shares. Further details of the Placing Agreement are set out below:

Date:	27 December 2024 (after trading hours)
Parties:	The Company, as issuer; and the Placing Agent, as placing agent
Placing agent:	KGI Asia Limited was appointed as the placing agent to place, or procure the placing of, up to 101,982,926 Unsubscribed Rights Shares (assuming no Shares are issued or bought back by the Company on or after the date of the Placing Agreement and on or before the Record Date) and up to 105,947,840 Unsubscribed Rights Shares (assuming no Shares are issued or bought back by the Company on or after the date of the Placing Agreement and on or before the Record Date other than the full exercise of the Vested Share Options) to the Placee(s) to the Placee(s).

The Placing Agent and its ultimate beneficial owners are Independent Third Parties. The Placing Agent has also undertaken that before it engages sub-placing agent(s) to place the Unsubscribed Rights Shares, it will confirm with the Company and such sub-placing agent(s) that these sub-placing agent(s) and their ultimate beneficial owners are Independent Third Parties.

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- Placing commission: The commission payable to the Placing Agent shall be 2.25% of the actual gross proceeds from the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares actually procured by the Placing Agent. Notwithstanding this, the Placing Agent shall be entitled to payment by the Company of a placing commission of at least HK\$300,000 (“**Minimum Amount**”) irrespective of the actual number of Unsubscribed Rights Shares successfully placed by the Placing Agent as long as the Rights Issue proceeds. In the event the actual amount of the placing commission based on the actual number of the Unsubscribed Rights Shares successfully placed by the Placing Agent falls short of the Minimum Amount, the Placing Agent will still be entitled to payment of the Minimum Amount and may deduct the Minimum Amount from the payment to be made by it to the Company after completion of the Placing.
- The Company shall be responsible for all costs and expenses reasonably incurred in connection with or arising out of the Placing.
- Placing price of the Unsubscribed Rights Shares: The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price.
- The final price will be determined based on the demand and market conditions of the Unsubscribed Rights Shares during the process of placement.
- Places: The Placing Agent undertakes to procure that the Unsubscribed Rights Shares shall only be placed to individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and are not acting in concert with any of the connected persons of the Company and their respective associates.

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The Placing Agent undertakes (i) to make all reasonable enquiries to ensure that the Placee(s) and their respective ultimate beneficial owners (if applicable) will be Independent Third Parties; and (ii) that it will ensure the Placing will not, upon its completion, result in the Company being unable to comply with the Public Float Requirement.

Ranking of Unsubscribed
Rights Shares:

The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.

Placing conditions:

The Placing is subject to and conditional upon (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares; (ii) the Rights Issue having become unconditional; (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; (iv) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and (v) the Placing Agreement not having been terminated in accordance with the provisions thereof.

The Placing Agent may at its absolute discretion waive condition (iii) above. All of the other conditions are nonwaivable.

If the above conditions are not fulfilled or waived by the Latest Time for Termination or become incapable of being fulfilled, the Placing will lapse and all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save for any accrued rights or obligations under the Placing Agreement or antecedent breaches thereof.

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Placing end date: 4:00 p.m. on Tuesday, 18 February 2025 or such other date as the Company and the Placing Agent may agree.

Rescission of the Placing Agreement: If any of the following events occur at any time prior to the Latest Time for Termination, the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time on or prior to the Latest Time for Termination, rescind the Placing Agreement without liability to the other parties thereto:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before such dates would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (d) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

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The basis of the placing commission was determined with reference to:

- (i) the gross proceeds of the Rights Issue of up to approximately HK\$20.4 million (assuming no change in the number of Shares in issue on or before the Record Date, if fully subscribed) or approximately HK\$21.2 million (assuming no change in the number of Shares in issue on or before the Record Date other than the exercise in full of the Vested Share Options, if fully subscribed);
- (ii) the existing financial position of the Group; and
- (iii) the prevailing market conditions of the capital market in Hong Kong.

The Directors are of the view that a reasonable placing commission is required to motivate the Placing Agent to procure Placees to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, especially taking into account the Group's recent financial performance and the historical price and trading volume of the Shares.

The terms of the Placing Agreement (including the commission rate) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue. The Directors consider that the terms of the Placing Agreement, including the commission rate, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Placing Agreement.

Given that the Compensatory Arrangements would provide a compensatory mechanism for the relevant No Action Shareholders and Non-Qualifying Shareholders, the Directors consider that the Compensatory Arrangements are in the interest of the minority Shareholders.

Conditions of the Rights Issue

The completion of the Rights Issue is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the first day of their dealings;
- (ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance not later than the Posting Date;

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- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Posting Date;
- (iv) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil paid and fully-paid forms, respectively) and no notification having been received by the Company from the HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused; and
- (v) the Placing Agreement not being terminated pursuant to the terms thereof and remains in full force and effect before completion of the Placing.

All the conditions precedent above cannot be waived. If the conditions precedent set out in the above paragraphs are not satisfied at or prior to the respective time stipulated therein, the Rights Issue will not proceed.

As at the Latest Practicable Date, none of the conditions above has been satisfied.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

POSSIBLE ADJUSTMENTS TO THE OUTSTANDING SHARE OPTIONS UNDER THE SHARE OPTION SCHEMES

As at the Latest Practicable Date, there are 9,912,287 outstanding Share Options granted by the Company under the 2011 Share Option Scheme, entitling the holders thereof to subscribe for up to an aggregate of 9,912,287 Shares under the 2011 Share Option Scheme. Since the adoption date of the 2020 Share Option Scheme and up to the Latest Practicable Date, no Share Option has been granted by the Company under the 2020 Share Option Scheme.

Pursuant to the terms of the Share Option Schemes, the subscription prices on the exercise of the Share Options and/or number of Shares related to the Share Options under the Share Option Schemes may be adjusted in accordance with the Share Option Schemes upon the Rights Issue becoming unconditional.

The Company will notify the holders (if any) of the Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Schemes and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

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Save for the foregoing, as at the Latest Practicable Date, the Company has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into or confer any right to subscribe for Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the production and sales of marble and marble related products in the PRC.

Assuming no change in the number of Shares in issue on or before the Record Date, if fully subscribed, it is expected that the gross proceeds and net proceeds from the Rights Issue will be approximately HK\$20.4 million and HK\$18.9 million, respectively. The Company intends to apply the net proceeds from the Rights Issue as to approximately HK\$13.4 million for general working capital of the Group, including but not limited to staff costs, rent and rates, professional fees and other general corporate expenses, and as to approximately HK\$5.5 million for investment in potential business opportunities, which included the possible cooperations with a vendor, including but not limited to acquisition, joint venture or other ways of cooperation of several gold mining rights which are located in southern Chile. As at the Latest Practicable Date, the Company has entered into two memorandums of understandings with the vendor on 22 December 2023 and 24 October 2024 respectively (the “MOUs”). For detailed information of the MOUs and background information of the vendor, please refer to the Company’s announcements dated 22 December 2023, 24 October 2024 and 11 December 2024. The Directors consider that the Rights Issue represents an opportunity for the Company to expand new business and broaden the Group’s revenue base. In order to capture potential business growth opportunities, it is crucial for the Group to access additional funds to strengthen the Group’s capital base for the development of new business and maintain sufficient working capital to achieve operating needs.

If the Rights Issue is undersubscribed and the size of the Rights Issue is reduced, the net proceeds are expected to be utilised with proportional reductions in the same usage scenarios as above. Apart from the Rights Issue, the Directors have considered other debt or equity fundraising alternatives such as bank borrowings, placing or subscription of new Shares or an open offer. In respect of bank borrowings, the Directors note that bank borrowings, if available, carry high interest costs and create pressure to the liquidity of the Company; furthermore, the Directors are of the view that the Group does not have material fixed assets which may be satisfactory to the banks to be served as collaterals. Given that interest rates remain at a relatively high level for the time being, debt financing for companies like ours may not be achievable on favourable terms in a timely manner or may require pledge of other kinds of assets or securities which may reduce the Group’s flexibility under the current market condition. In respect of equity financing, the Directors are of the view that placing or subscription of new Shares will dilute the shareholding of existing Shareholders without giving them the opportunity

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to take part in the exercise. As opposed to an open offer, the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group.

Having considered the above alternatives, the Directors are of the view that (i) the Rights Issue is in the best interests of the Company and the Shareholders as a whole; and (ii) the Rights Issue is an appropriate fundraising method to strengthen the capital base of the Company, which in turn will support the Company's continuing development and business growth, while allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activity in the past twelve months immediately preceding the Latest Practicable Date:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this Prospectus
11 November 2024 and 13 November 2024	Issue of Shares under general mandate	The gross proceeds and the net proceeds of the subscription amounted to HK\$8 million and approximately HK\$7.8 million, respectively.	The issue of the Settlement Shares by the Company to AOF I was made in full and final settlement of, among others, all and/or any actions, claims and rights, demands AOF I had or may have had against the Company arising out of or connected with the Amended and Restated Subscription Agreement dated 8 November 2023 entered into by the Company, Advance Opportunities Fund and AOF I prior to the settlement reached between the Company and AOF I on 11 November 2024.	All of the net proceeds were applied as intended.
22 September 2023, 27 November 2023, 12 December 2023, 28 December 2023, 27 February 2024, 15 March 2024, 11 April 2024 and 4 June 2024	Issue of convertible notes under specific mandate	The gross proceeds and net proceeds of the exercise of the Conversion Right attached to Tranche 1 Notes in the principal amount of HK\$10 million amounted to HK\$10 million and HK\$8.7 million, respectively.	80% of the net proceeds from the exercise of the Conversion Right attached to Tranche 1 Notes were intended to be applied towards the acquisition costs of a gold mine located in Chile, South America; and the remaining net proceeds were intended to be applied towards general working capital of the Group.	All of the net proceeds were applied as intended.

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Save as aforementioned, the Company had not conducted any other equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date. As at the Latest Practicable Date, the Company has no intention or plan to conduct any other equity fund raising activities in the next 12 months upon completion of the Rights Issue. However, if there shall arise any change of the Group's current circumstances and existing business plans and if the net proceeds from the Rights Issue may not satisfy such upcoming financing needs, the Board does not rule out the possibility that the Company may conduct further equity fund raising activities to support such future developments of the Group. The Company will make further announcement(s) in this regard in accordance with the Listing Rules as and when appropriate.

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

For illustration purposes only, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full; and (iii) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up any entitlements of the Rights Shares and all the Unsubscribed Right Shares are placed to the independent placees under the Compensatory Arrangements, assuming there is no other change in the shareholding structure of the Company before the completion of the Rights Issue:

- (a) assuming there are no Vested Share Options being exercised and there is no other change in the shareholding structure of the Company before completion of the Rights Issue:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full		Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up any entitlements of the Rights Shares and all the Unsubscribed Right Shares are placed to the independent placees under the Compensatory Arrangements	
	No. of Shares	Approximate percentage (%) (Note)	No. of Shares	Approximate percentage (%) (Note)	No. of Shares	Approximate percentage (%) (Note)
Advance Opportunities Fund I ("AOF I")	26,000,000	10.20	36,400,000	10.20	26,000,000	7.28
Public Shareholders	228,957,315	89.80	320,540,241	89.80	228,957,315	64.15
Independent placees	-	-	-	-	101,982,926	28.57
Total	254,957,315	100.00	356,940,241	100.00	356,940,241	100.00

Note: Certain percentage figures in this table have been subject to rounding adjustments to the nearest 2 decimal places. Accordingly, the aggregate of the percentage figures in the above table may not add up to 100%.

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- (b) assuming all the Vested Share Options being exercised on or before the Record Date and there is no other change in the shareholding structure of the Company before completion of the Rights Issue:

	As at the Latest Practicable Date		Upon full exercise of the Vested Share Options on or before the Record Date		Immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full		Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up any entitlements of the Rights Shares and all the Unsubscribed Right Shares are placed to the independent places under the Compensatory Arrangements	
							Approximate	
	No. of Shares	percentage (%) (Note 1)	No. of Shares	percentage (%) (Note 1)	No. of Shares	percentage (%) (Note 1)	No. of Shares	percentage (%) (Note 1)
Mr. Zhang Mian (Note 2)	-	-	1,416,041	0.53	1,982,457	0.53	1,416,041	0.38
AOF I	26,000,000	10.20	26,000,000	9.82	36,400,000	9.82	26,000,000	7.01
Public Shareholders	228,957,315	89.80	228,957,315	86.44	320,540,241	86.44	228,957,315	61.75
Independent places	-	-	-	-	-	-	105,947,840	28.57
Other holders of Vested Share Options	-	-	8,496,246	3.21	11,894,744	3.21	8,496,246	2.29
Total	<u>254,957,315</u>	<u>100.00</u>	<u>264,869,602</u>	<u>100.00</u>	<u>370,817,442</u>	<u>100.00</u>	<u>370,817,442</u>	<u>100.00</u>

Notes:

- Certain percentage figures in this table have been subject to rounding adjustments to the nearest 2 decimal places. Accordingly, the aggregate of the percentage figures in the above table may not add up to 100%.
- Mr. Zhang Mian is an executive Director.

Shareholders and potential investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

Based on the public information available to the Board, as at the Latest Practicable Date, the Company's public float complies with the Public Float Requirement. To the best of the Directors' knowledge, information and belief, the Company will still meet the Public Float Requirement upon the completion of the Rights Issue.

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LISTING RULES IMPLICATIONS

As the Rights Issue will not increase either the total number of issued Shares or the market capitalisation of the Company by more than 50%, and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the Rights Issue is not subject to the approval of minority Shareholders in general meeting pursuant to Rule 7.19A of the Listing Rules.

Save as described in the paragraph headed “Fund raising activities in the past twelve months” in the “Letter from the Board” of this Prospectus, the Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

By order of the Board
China Kingstone Mining Holdings Limited
中國金石礦業控股有限公司
Cheung Wai Kee
Company Secretary

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The audited financial information of the Company is disclosed in the annual reports of the Company for the years ended 31 December 2021 (page 73 to 164), 2022 (page 81 to 176) and 2023 (page 85 to 180), which are published on 21 April 2022, 21 April 2023 and 18 April 2024, respectively. The unaudited financial information of the Company is disclosed in the interim report of the Company for the six months ended 30 June 2024 (page 19 to 40), which is published on 20 September 2024. The abovementioned financial information is available on the website of the Company at <https://www.kingstonemining.com/html/irreports.php> and the website of the Stock Exchange at www.hkexnews.hk:

- (a) the annual report of the Company for the year ended 31 December 2021 in relation to the financial information of the Group for the same year
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0421/2022042101766.pdf>);
- (b) the annual report of the Company for the year ended 31 December 2022 in relation to the financial information of the Group for the same year
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0421/2023042100863.pdf>);
and
- (c) the annual report of the Company for the year ended 31 December 2023 in relation to the financial information of the Group for the same year
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0418/2024041800430.pdf>);
and
- (d) the interim report of the Company for the six months ended 30 June 2024 in relation to the financial information of the Group for the same period
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0920/2024092000503.pdf>).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 November 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, the Group had total outstanding indebtedness as follows:

	At 30 November 2024 RMB'000
Unsecured other borrowing (Note a)	
Creditor A (Note b)	1,385
Creditor B (Note c)	1,385
Creditor C (Note d)	1,385
Creditor D (Note e)	<u>466</u>
 Total other borrowings	 <u><u>4,621</u></u>
	 At 30 November 2024 RMB'000
Lease liabilities (Note f)	
Non-current, unsecured and unguaranteed	–
Current, unsecured and unguaranteed	<u>483</u>
 Total lease liabilities	 <u>483</u>
 Total Indebtedness	 <u><u>5,104</u></u>

Notes:

- a) Other loans were denominated in HK\$ as at 30 November 2024.
- b) The loan is unsecured, unguaranteed, interest bearing at 7% and has been matured in May 2024. As at 30 November 2024, the loan remained unsettled and the Group is currently in negotiation with the counterparty to extend the maturity date.
- c) The loan is unsecured, unguaranteed, interest bearing at 1% per month and has been matured in October 2024. As at 30 November 2024, the loan remained unsettled and the Group is currently in negotiation with the counterparty to extend the maturity date.

- d) The loan is unsecured, unguaranteed, interest bearing at 1% per month and has been matured in October 2024. As at 30 November 2024, the loan remained unsettled and the Group is currently in negotiation with the counterparty to extend the maturity date.
- e) The loan is unsecured, unguaranteed, interest bearing at 8% per annum and will be matured in October 2025.
- f) The Group entered into of a lease agreement with lessor for leasing of office with lease terms of two years. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. The Group recognised right-of-use assets and lease liabilities for these leases. The effective borrowing rate were approximately 4.77% per annum. The balances were denominated in HK\$ as at 30 November 2024.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not, as at the close of business on 30 November 2024, have any material outstanding (i) debt securities, whether issued and outstanding, authorised or otherwise created but unissued, or term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Group or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured; or (iii) lease liabilities, mortgage or charges.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not, as at the close of business on 30 November 2024, has any outstanding guarantees or other contingent liabilities or guarantees.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the financial resources presently available to the Group including the estimated net proceeds from the Rights Issue cash and cash equivalents on hand and cash flows from operating activities, the Group will have sufficient working capital for at least the next twelve months from the date of the publication of this Prospectus.

The Company has obtained the relevant confirmation as required under Rule 9.20(1) of the Listing Rules.

4. MATERIAL ADVERSE CHANGES

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

5. BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in the production and sales of marble and marble related products in the PRC.

As set out in the Company's annual report 2023, the revenue of the Group was approximately RMB58.5 million for the year ended 31 December 2023 ("FY2023"), representing a decrease of approximately 19.1% as compared to that of approximately RMB72.3 million for the year ended 31 December 2022 ("FY2022"). Such decrease in the Group's revenue was mainly due to the combined effects 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. The Group had recorded a loss for the year attributable to owners of the Company of approximately RMB59.6 million for FY2023, compared to a loss for the year attributable to owners of the Company of approximately RMB61.9 million for FY2022. Such decrease in loss for the year attributable to owners of the Company for FY2023 was mainly attributable to the combined effects of (i) the increase in other income and gains, net from approximately RMB2.0 million for FY2022 to approximately RMB4.1 million for FY2023; (ii) the decrease in selling and distribution expenses from approximately RMB8.5 million for FY2022 to approximately RMB4.2 million for FY2023; (iii) the decrease in impairment losses under expected credit loss model, net of reversal from approximately RMB41.0 million for FY2022 to approximately RMB19.9 million for FY2023; and partially offset by (iv) the impairment losses recognised in respect of non-financial assets of approximately RMB27.3 million for FY2023 (FY2022: nil).

As set out in the Company's interim report 2024, the revenue of the Group was approximately RMB30.8 million for the six months ended 30 June 2024 ("HY2024"), representing an increase of approximately 104.6% as compared to that of approximately RMB15.0 million for the six months ended 30 June 2023 ("HY2023"). Such increase in the Group's revenue was mainly due to an increase of approximately RMB13.3 million in sales of marble slag from approximately RMB14.4 million for HY2023 to approximately RMB27.7 million for HY2024 and an increase of approximately RMB2.5 million in sales of food from approximately RMB0.6 million for HY2023 to approximately RMB3.1 million for HY2024. The Group recorded a loss for the period attributable to owners of the Company of approximately RMB16.6 million for HY2024, compared to a loss for the period attributable to owners of the Company of approximately RMB9.0 million for HY2023. Such increase in loss for the period attributable to owners of the Company for HY2024 was mainly due to the combined effects of (i) the increase in selling and distribution expenses from approximately RMB1.1 million for HY2023 to approximately RMB2.5 million for HY2024; (ii) the increase in administrative expenses from approximately RMB11.5 million for HY2023 to approximately RMB12.6 million for HY2024; (iii) the increase in impairment losses under expected credit loss model, net of

reversal from approximately RMB3.5 million for HY2023 to approximately RMB12.3 million for HY2024; and partially offset by (iv) the increase in gross profit from approximately RMB6.2 million for HY2023 to approximately RMB10.9 million for HY2024.

After lifting the coronavirus-related restrictions 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's 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. The PRC 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, the Company believes that China's economic growth momentum will hold stable and gradually improve when the PRC government's support measures begin to take effect.

In the event that the PRC government's monetary stimulus measures fail to boost PRC's economy, there is the possibility that the demand for the Group's marble slag will decrease in the future due to, for instance, slowdown in the domestic demand for marble slags, weaker economic momentum and outlook of the PRC economy. Furthermore, if a number of our Group's current customers decide to terminate their contracts with our Group due to financial constraints, the business, financial positions and prospects of the Group could be materially and adversely affected.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2024 (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the Directors in accordance with rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and on the basis of the notes set out below for the purpose of illustrating the effects of the Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 June 2024.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Rights Issue been completed as at 30 June 2024 or at any future date.

The following Unaudited Pro Forma Financial Information of the adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2024, extracted from the published interim report of the Group for the six months ended 30 June 2024, with adjustment described below:

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2024 <i>RMB'000</i> <i>(Note 2)</i>	Estimated net proceeds from the Rights Issue <i>RMB'000</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2024 immediately upon completion of the Rights Issue <i>RMB'000</i>	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company per Share immediately before the Right Issue <i>RMB</i> <i>(Note 4)</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to owners of the Company per Share immediately after the completion of the Rights Issue <i>RMB</i> <i>(Note 5)</i>
Rights issue of 101,982,926 Rights Shares to be issued at the Subscription Price of HK\$0.2 per share <i>(Note 1)</i>				
139,852	17,455	157,307	0.548	0.441

Notes:

- 1) Proposed 101,982,926 Rights Shares (assuming there is no change in the number of Shares in issue on or before the Record Date) with an aggregate nominal value of HK\$20,396,585 (equivalent to RMB 18,837,000).

The conversion of HK\$ into RMB is calculated at the rate of HK\$1 to RMB 0.92355. No representation is made that the HK\$ amounts have been, could have been or could be converted to RMB, or versa, at that rate or at any other rates or at all.

- 2) The Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2024 has been extracted from the published interim report of the Company for the six months ended 30 June 2024.
- 3) The estimated net proceeds from the Rights Issue is approximately HK\$18,900,000 (equivalents to RMB17,455,000) are based on 101,982,926 Rights Shares to be issued at the Subscription Price of HK\$0.2 per Share and after deducting estimated related expenses, including among others, legal and professional fees, which are directly attributable to the Rights Issue, of approximately HK\$1,500,000 (equivalents to approximately RMB1,382,000).
- 4) The Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company per share before the completion of the Rights Issue is determined based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 of approximately RMB139,852,000 divided by 254,957,315 Shares in issue as at the Latest Practicable Date.
- 5) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue of approximately RMB157,307,000 which is arrived at after aggregating the unaudited consolidated net tangible assets of the Group attributable to owners of the Company of approximately RMB139,852,000 as at 30 June 2024 and the estimated net proceeds of approximately RMB17,455,000 from the Rights Issue (note 3 above) divided by Shares which comprise 254,957,315 Shares in issue before completion of the Rights Issue and 101,982,926 Rights Shares (assuming no change in the number of Shares on or before the Record Date) were issued immediately after completion of the Rights Issue, assuming the Rights Issue had been completed on 30 June 2024.
- 6) For the purpose of preparation of the Unaudited Pro Forma Financial Information, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2024. On 13 November 2024, the Company completed to issue the 40,000,000 settlement shares at HK\$ 0.2 per share. The net proceeds from the settlement shares, after deducting the related professional fees and expenses are approximately HK\$200,000 (equivalents to approximately RMB185,000). The issuance of settlement shares, being non-adjusting events and not directly attributable to the Rights Issue, are not included as a pro forma adjustment. The number of 102,982,926 Rights Shares assumed in the present pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 per Share immediately after the completion of the Rights Issue is based on the actual number of shares in issue on the Record Date which took into consideration of the number of shares issued for settlement shares.

For illustrative purpose, the table below shows the unaudited consolidated pro forma adjusted net tangible assets of the Group attributable to owners of the Company as at 30 June 2024 immediately after the completion of the Rights Issue and taken into account the issue of settlement shares, which is calculated based on the unaudited consolidated pro forma adjusted net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue and taken into consideration of the net proceeds from the issue of settlement shares, by Shares which comprise 254,957,315 Shares in issue before completion of the Rights Issue and 101,982,926 Rights Shares (assuming no change in the number of Shares on or before the Record Date) were issued immediately after completion of the Rights Issue.

	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2024 immediately upon completion of the Rights Issue	Effect of issue of settlement shares	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2024 immediately upon completion of the Rights Issue and taken into consideration of issue of settlement shares	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share as at 30 June 2024 immediately upon completion of the Rights Issue and taken into consideration of issue of settlement shares
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB</i>
Rights issue of 101,982,926				
Rights Shares to be issued				
at the Subscription Price of				
HK\$0.2 per share	157,307	7,204	164,511	0.461

B. ACCOUNTANT’S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report received from Confucius International CPA Limited, Certified Public Accountants, Hong Kong, the independent reporting accountants of the Group, in respect of the Group’s unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

**天健國際會計師事務所有限公司**

Confucius International CPA Limited

Certified Public Accountants

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To the Board of Directors of China Kingstone Mining Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Kingstone Mining Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets as at 30 June 2024, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-3 of the prospectus dated 23 January 2025 issued by the Company (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Section A of Appendix II of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue of 101,982,926 rights shares at the subscription price of HK\$0.2 per rights share on the basis of two rights shares for every five existing shares of the Company held on the record date (the “**Rights Issue**”) on the Group’s financial position as at 30 June 2024 as if the Rights Issue had taken place as at 30 June 2024. As part of this process, information about the Group’s net tangible assets has been extracted by the Directors from the Group’s unaudited consolidated financial statements for the six months ended 30 June 2024, on which an interim report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 13 of Appendix D1B and paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our independence and quality management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, and Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Rights Issue, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the Rights Issue in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29 (1) of Chapter 4 of the Listing Rules.

Yours faithfully,

Confucius International CPA Limited

Certified Public Accountants

Hong Kong

23 January 2025

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue (assuming (a) there is no change in the number of Shares in issue from the Latest Practicable Date and up to the Record Date; (b) all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full); and (iii) immediately after completion of the Rights Issue (assuming (a) there is no change in the number of Shares in issue from the Latest Practicable Date and up to the Record Date (aside from the exercise of the Vested Share Options in full); (b) all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full) were/will be as follows:

(i) as at the Latest Practicable Date

	Number of Shares	Nominal value of ordinary shares (HK\$)
<i>Authorised:</i>		
Ordinary Shares of HK\$0.2 each	<u>7,500,000,000</u>	<u>1,500,000,000</u>
<i>Issued and fully paid:</i>		
Ordinary Shares of HK\$0.2 each	<u><u>254,957,315</u></u>	<u><u>50,991,463</u></u>

- (ii) Immediately after completion of the Rights Issue (assuming (a) there is no change in the number of Shares in issue from the Latest Practicable Date and up to the Record Date; (b) all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full)

	Number of Shares	Nominal value of ordinary shares (HK\$)
<i>Authorised:</i>		
Ordinary Shares of HK\$0.2 each	<u>7,500,000,000</u>	<u>1,500,000,000</u>
<i>Issued and fully paid:</i>		
Ordinary Shares of HK\$0.2 each	254,957,315	50,991,463
Rights Shares to be issued pursuant to the Rights Issue of HK\$0.2 each	101,982,926	20,396,585
Shares in issue immediately after Completion of the Rights Issue	<u>356,940,241</u>	<u>71,388,048</u>

- (iii) Immediately after completion of the Rights Issue (assuming (a) there is no change in the number of Shares in issue from the Latest Practicable Date and up to the Record Date (aside from the exercise of the Vested Share Options in full); (b) all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full)

	Number of Shares	Nominal value of ordinary shares (HK\$)
<i>Authorised:</i>		
Ordinary Shares of HK\$0.2 each	<u>7,500,000,000</u>	<u>1,500,000,000</u>
<i>Issued and fully paid:</i>		
Ordinary Shares of HK\$0.2 each (including the Shares of HK\$0.2 each to be issued upon full exercise of the Vested Share Options	264,869,602	52,973,920
Rights Shares to be issued pursuant to the Rights Issue of HK\$0.2 each	105,947,840	21,189,568
Shares in issue immediately after Completion of the Rights Issue	<u>370,817,442</u>	<u>74,163,488</u>

All the issued Shares are fully paid and rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares to be allotted and issued will, when issued and fully paid, rank *pari passu* in all respects with the existing Shares in issue on the date of allotment of the Rights Shares in fully-paid form.

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. The Shares issued and the Rights Shares to be issued are primary listed on the Stock Exchange. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange. Accordingly, there are no dealing and settlement arrangements for securities of the Company between the Stock Exchange and any other stock exchange.

As at the Latest Practicable Date, there are 9,912,287 outstanding Share Options granted by the Company, which are exercisable into 9,912,287 Shares. Set out below is a table showing the particulars of the outstanding Share Options:

No.	Name of grantee (Note)	Capacity of the grantee	Date of grant of the Share Options	Validity period of the Share Options granted	Number of Share Options granted	Exercise price per Share Options granted	Total consideration for which the Share Options were granted
1	Zhang Mian	Executive Director	15 April 2019	15 April 2019 to 14 April 2029	1,416,041	HK\$2.344 per Share	HK\$1
2	Gan Chenli	Employee of the Company	15 April 2019	15 April 2019 to 14 April 2029	1,416,041	HK\$2.344 per Share	HK\$1
3	Sun Fuli	Employee of the Company	15 April 2019	15 April 2019 to 14 April 2029	1,416,041	HK\$2.344 per Share	HK\$1
4	Kou Jinxiang	Employee of the Company	15 April 2019	15 April 2019 to 14 April 2029	1,416,041	HK\$2.344 per Share	HK\$1
5	Zheng Zhiheng	Employee of the Company	15 April 2019	15 April 2019 to 14 April 2029	1,416,041	HK\$2.344 per Share	HK\$1
6	Xie Wei	Employee of the Company	15 April 2019	15 April 2019 to 14 April 2029	1,416,041	HK\$2.344 per Share	HK\$1
7	Guan Yanwen	Employee of the Company	15 April 2019	15 April 2019 to 14 April 2029	1,416,041	HK\$2.344 per Share	HK\$1

Note:

The addresses of the grantees are the same as the Company's principal place of business in Hong Kong located at Unit 14, 18/F., Seapower Tower, Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong.

To the best of the Directors' knowledge, information, and belief having made all reasonable enquiry, as at the Latest Practicable Date, (i) none of the holders of the above Share Options have requested to exercise the share options on or before the Record Date; and (ii) the Company has not received any undertaking from any holders of the above Share Options of any intention to exercise their share options on or before the Record Date.

As at the Latest Practicable Date, the Company had no other outstanding warrants, options or convertible securities in issue or other similar rights which confer any right to convert into or subscribe for Shares and there was no share or loan capital of any member of the Group which

was under option, or agreed conditionally or unconditionally to be put under option. Furthermore, as at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

At the Latest Practicable Date, none of the Directors nor the chief executive of the Company nor their respective associates had or was deemed to have any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules, to be notified to the Company and the Stock Exchange.

4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the person (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long position in the Shares:

Name of Shareholders	Capacity and nature of interest	Number of Shares held	Approximate percentage of the Company's issued share capital (Note (i))
AOF I	Beneficial owner	26,000,000 (Note (ii))	10.20%

Notes:

- (i) The approximate percentage of the Company's issued share capital was calculated on the basis of 254,957,315 Shares in issue at the Latest Practicable Date.
- (ii) To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the management share(s) of AOF I is solely held by Mr. Tan Choon Wee; AOF I is a collective investment scheme which offers its participating shares to accredited investors in Singapore and is registered as a restricted foreign scheme with the Monetary Authority of Singapore.

Save as disclosed above, at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any person (other than the Directors and the chief executive of the Company) who had or were deemed or taken interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

5. DIRECTORS' SERVICE CONTRACTS

At the Latest Practicable Date, none of the Directors had entered, or proposed to enter into any existing or proposed service contract or service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

6. COMPETING INTERESTS

At the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

- (a) At the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any assets which, since 31 December 2023 (being the date to which the latest published audited financial statements of the Company were made up) had been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (b) There was no contract or arrangement subsisting at the Latest Practicable Date in which any Director was materially interested in and which was significant in relation to the business of the Group.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially or adversely affect the operations of the Company and no litigation, arbitration or claim which would materially or adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any member of the Group.

9. EXPERT AND CONSENT

The qualification of the expert who has given opinions and advice in this Prospectus is as follows:

Name	Qualification
Confucius International CPA Limited	Certified Public Accountants

Confucius International CPA Limited has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter, report and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Confucius International CPA Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Confucius International CPA Limited did not have any direct or indirect interests in any assets which have been, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

10. MATERIAL CONTRACT

The following contracts (not being a contract in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of the Announcement and up to the Latest Practicable Date:

- (a) the Placing Agreement;
- (b) the Amended and Restated Subscription Agreement;
- (c) the subscription agreements dated 7 September 2023 entered into among the Company, Cao Jun, Yang Fangqi and Yang Bingbing in respect of subscribing 25,500,000 Shares at the subscription price of HK\$0.32 per Share, the details of which were disclosed in the Company's announcements dated 7 September 2023 and 18 September 2023; and
- (d) the subscription agreement dated 31 March 2023 entered into between the Company and Ms. Chen Hongjun in respect of subscribing 7,000,000 Shares at the subscription price of HK\$0.50 per Share, the details of which were disclosed in the Company's announcements dated 31 March 2023 and 19 April 2023.

11. EXPENSES

The expenses in connection with the Rights Issue, including placing commission, printing, registration, translation, legal and accountancy fees are estimated to be approximately HK\$1.5 million, which are payable by the Company.

12. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered Office	Victoria Place, 5th Floor 31 Victoria Street Hamilton HM10 Bermuda
Headquarters of business in the PRC	Zhangjiaba Mine Zhenjiang Village Xiangshui County Jiangyou City Sichuan Province The People's Republic of China
Principal place of business in Hong Kong	Unit 14, 18/F., Seapower Tower Concordia Plaza No. 1 Science Museum Road Kowloon, Hong Kong
Company secretary	Mr. Cheung Wai Kee (<i>A fellow member of Hong Kong Institute of Certified Public Accountant</i>)
Financial adviser of the Company	Dakin Capital Limited Suite 3111A, 31/F Tower 2, Lippo Centre 89 Queensway Hong Kong
Legal adviser to our Company	<i>As to Hong Kong laws:</i> Seyfarth Shaw Suites 3701 & 3708-3710 37/F, Edinburgh Tower The Landmark, 15 Queen's Road Central Central, Hong Kong

Independent reporting accountant/auditors	Confucius International CPA Limited <i>Certified Public Accountants</i> Rooms 1501-8, 15th floor Tai Yau Building, 181 Johnston Road Wan Chai, Hong Kong
Placing agent	KGI Asia Limited 41/F Central Plaza 18 Harbour Road Wanchai, Hong Kong
Principal share registrar and transfer office	Ocorian Management (Bermuda) Limited Victoria Place, 5th Floor 31 Victoria Street Hamilton HM10 Bermuda
Hong Kong share registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal bankers	China Construction Bank (Asia) Corporation Limited 28/F, CCB Tower 3 Connaught Road Central Central, Hong Kong Bank of Communications (Hong Kong) Limited 19/F, Wheelock House 20 Pedder Street Central, Hong Kong

13. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY**(a) Name and address**

Name	Correspondence address
Executive Directors	
Mr. Zhang Weijun	Unit 14, 18/F., Seapower Tower Concordia Plaza No. 1 Science Museum Road Kowloon, Hong Kong
Ms. Zhang Cuiwei	Unit 14, 18/F., Seapower Tower Concordia Plaza No. 1 Science Museum Road Kowloon, Hong Kong
Mr. Zhang Mian	Unit 14, 18/F., Seapower Tower Concordia Plaza No. 1 Science Museum Road Kowloon, Hong Kong
Independent non-executive Directors	
Mr. Yang Ruimin	Unit 14, 18/F., Seapower Tower Concordia Plaza No. 1 Science Museum Road Kowloon, Hong Kong
Mr. Andreas Varianos	Unit 14, 18/F., Seapower Tower Concordia Plaza No. 1 Science Museum Road Kowloon, Hong Kong
Ms. Zu Rui	Unit 14, 18/F., Seapower Tower Concordia Plaza No. 1 Science Museum Road Kowloon, Hong Kong

(b) Profiles of Directors and senior management***Executive Directors***

Mr. Zhang Weijun (“**Mr. WJ Zhang**”), aged 66, has been an executive director of the Company since 24 December 2015. Mr. WJ Zhang has around 10 years of experience in mining industry and is currently a vice president of a mining company in the PRC.

Ms. Zhang Cuiwei (“**Ms. CW Zhang**”), aged 56, has been an executive director of the Company since 1 January 2016 and was appointed as a member of Nomination Committee and a member of Remuneration Committee with effect from 12 September 2018. Ms. CW Zhang graduated in Foreign Languages and Literature from Jilin University of the PRC. Ms. CW Zhang has about 20 years of experience in corporate management, personnel and administration affairs.

Mr. Zhang Mian (“**Mr. M Zhang**”), aged 67, has been an executive director of the Company since 4 February 2019. Mr. M Zhang graduated from South China Normal University in China and has many years of experience in journalism and communication and media management. He has worked in one of the most influential mainstream newspaper group in South China. He has also accumulated rich experience in business management in the fields of construction, decoration engineering, packaging and printing, new material development and application.

Independent non-executive Directors

Mr. Yang Ruimin (“**Mr. Yang**”), aged 42, has been an independent non-executive Director of the Company, chairman of Nomination Committee, a member of Audit Committee and a member of Remuneration Committee since 11 June 2018. Mr. Yang holds a bachelor degree in Economic and Administrative Management from PLA Nanjing Political College. Mr. Yang has over 10 years of experience in human resource management in different industries.

Mr. Andreas Varianos (“**Mr. Varianos**”), aged 46, has been an independent non-executive Director of the Company and chairman of Audit Committee since 17 July 2020. Mr. Varianos has over 13 years of experience in corporate and financial services in Cyprus. Mr. Varianos holds a bachelor of science degree in Business Administration (Accounting and Finance) from the American College of Greece in Athens, Greece. Since 2013, Mr. Varianos has been a Qualified ACCA Member of the Association of Chartered Certified Accountants in the United Kingdom. He had previously worked as a Senior Auditor for KPMG Cyprus from 2007 to 2010. He had also worked as a director of InterTaxAudit Auditors and Tax Consultants Limited from 2010 to 2017. He is currently the Founder and Managing Partner of Santabros Enterprises Limited (Edge Development Group) and the Founder and Managing Director of AsusPlus Auditors and Tax Consultants Limited since 2017.

Ms. Zu Rui (“**Ms. Zu**”), aged 34, has been an independent non-executive director of the Company, chairman of Remuneration Committee and member of Audit Committee and Nomination Committee since 29 September 2022. She has over 8 years of experience working in the sustainability consulting industry and financial institutions. From January 2016 to April 2021, she worked at Inenco Group Limited with her last position as a project and product solutions developer. From April 2021 to August 2022, she worked at Ernst & Young Services Ltd as a manager in financial services (consulting). Since August 2022, she has served as a structure finance-corporate sector advisory vice president of National Westminster Bank Plc.

14. LEGAL AND BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance thereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, so far as applicable.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent as referred to in the paragraph headed “9. Expert and consent” in this appendix, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

16. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Cheung Wai Kee.
- (b) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (c) As at the Latest Practicable Date, the Company has no significant exposure to foreign exchange liabilities.
- (d) As at the Latest Practicable Date, there was no material contract for the hire or hire purchase of plant to or by any member of the Group for a period of over a year which is substantial in relation to the Group's business.
- (e) The English text of the Prospectus Documents shall prevail over the respective Chinese text in the case of inconsistency.

17. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.kingstonemining.com/htm/en/) for a period of 14 days from the date of this Prospectus:

- (a) the report from Confucius International CPA Limited on the unaudited pro forma financial information of the Group, the text of which is set out in "Appendix II Unaudited pro forma financial information" to this Prospectus;
- (b) the written consent of the expert as referred to in the paragraph headed "9. Expert and consent" in this appendix;
- (c) the material contracts as referred to in the paragraph headed "10. Material contract" in this appendix;
- (d) the annual reports of the Company for the three years ended 31 December 2021, 2022 and 2023;
- (e) the interim report of the Company for the six months ended 30 June 2024; and
- (f) the Prospectus Documents.