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CHINA KINGSTONE MINING HOLDINGS LIMITED

中 國 金 石 礦 業 控 股 有 限 公 司

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

(Stock Code: 1380)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Change	
	2024	2023		
Revenue *(RMB'000)*	**48,889**	58,491	**–9,602**	–16.4%
Loss for the year attributable to owners of the Company *(RMB'000)*	**(85,301)**	(59,600)	**–25,701**	N/A
Basic loss per share *(RMB cents)*	**(40.7)**	(38.7)	**–2.0**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	4	**48,889**	58,491
Cost of sales		**(37,562)**	(36,837)
Gross profit		**11,327**	21,654
Other (loss)/income	5	**(1,786)**	4,111
Selling and distribution expenses		**(4,464)**	(4,213)
Impairment losses under expected credit loss model, net of reversal		**(10,962)**	(19,889)
Impairment losses recognised in respect of non-financial assets		**(55,764)**	(27,317)
Administrative expenses		**(21,955)**	(32,553)
Finance costs	6	**(1,592)**	(1,532)
LOSS BEFORE TAX	7	**(85,196)**	(59,739)
Income tax (expense)/credit	8	**(105)**	139
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(85,301)**	(59,600)
Other comprehensive profit/(loss):			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**62**	(1,161)
Item that will be reclassified subsequently to profit or loss:			
Reclassification of cumulative translation reserve upon disposal of foreign operation		**(310)**	–
Other comprehensive loss for the year		**(248)**	(1,161)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(85,549)**	(60,761)
LOSS PER SHARE (RMB cents)	9		
– Basic and diluted		**(40.7)**	(38.7)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**68,086**	113,538
Intangible assets		**16,850**	28,048
Right-of-use assets		**973**	1,485
Prepayment and other receivables		**7,251**	5,944
		93,160	149,015
CURRENT ASSETS			
Inventories		**381**	216
Trade receivables	*11*	**20,564**	24,008
Prepayment, deposits and other receivables		**12,377**	34,446
Prepaid tax		**23**	–
Cash and cash equivalents		**8,551**	4,656
		41,896	63,326
CURRENT LIABILITIES			
Trade payables	*12*	**7,415**	10,268
Lease liabilities		**714**	687
Other payables and accruals		**34,196**	31,516
Amount due to a director		**–**	1,272
Other loans		**12,406**	5,062
Convertible notes		**–**	9,062
Tax payables		**–**	460
		54,731	58,327
NET CURRENT (LIABILITIES)/ASSETS		**(12,835)**	4,999
TOTAL ASSETS LESS CURRENT LIABILITIES		**80,325**	154,014
NON-CURRENT LIABILITIES			
Lease liabilities		**182**	416
Provision for rehabilitation		**3,946**	2,697
		4,128	3,113
NET ASSETS		**76,197**	150,901
CAPITAL AND RESERVES			
Equity attributable to owners of the Company			
Share capital		**45,241**	30,420
Reserves		**30,956**	120,481
TOTAL EQUITY		**76,197**	150,901

NOTES

For the year ended 31 December 2024

1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated financial statements have been prepared on the historical cost basis.

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

Going concern basis

The Group incurred a loss of approximately RMB85,301,000 during the year ended 31 December 2024 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB12,835,000. In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group. The Directors adopted the going concern basis for the preparation of the consolidated financial statements and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group by way of implementing a right issue as follows:

On 27 December 2024, the Group proposed to implement a rights issue on the basis of two rights issue for every five shares at the subscription price of HK$0.2 per rights share to raise of approximately HK$20.40 to HK$21.2 million. On 28 February 2025, the net proceeds from the right issue after deducting the expenses were approximately HK$15.43 million. Details of the rights issue are disclosed in the Company's announcement dated 27 February 2025.

After the completion of the rights issue, The Group will continue to explore any possibility of conducting further equity fund raising to satisfy its funding needs if suitable opportunities arise. In the opinion of the Directors, the Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2024, in light of the various measures or arrangements implemented after the end of reporting period together with the expected results of the other measures, they are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liabilities in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

New and amendments to IFRSs in issue but not yet effective

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standard – Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
Amendments to IFRS 9 and IFRS 7	Contract Referencing Nature-dependent Electricity[3]
IFRS 18	Presentation and Disclosure in Financial Statements[4]
IFRS 19	Subsidiaries without Public Accountability Disclosures[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the Directors, being the chief operating decision maker (the "CODM"), for the purpose of monitoring segment performance and allocating resources between segments and that are used to make strategic decisions.

The Group has two reportable segments – Marble Slag and Food Brand. The reportable segments are based on the information about the operations of the Group that management uses to make decisions.

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business has different markets and requires different marketing strategies.

Particulars of the Group's reportable segments is summarised as follows:

– Marble Slag

– Food Brand

Segment information about these operations is presented as below:

An analysis of the Group's revenue and results by operating segments

	Segment revenue		Segment results	
	Year ended 31 December		Year ended 31 December	
	2024	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Re-presented)		(Re-presented)
Marble Slag	**41,402**	56,261	**(56,317)**	(19,968)
Food Brand	**7,487**	2,230	**(5,478)**	(4,535)
	48,889	58,491	**(61,795)**	(24,503)
Reconciliation from segment results to loss before tax				
Unallocated corporate (loss)/income			**(1,786)**	4,111
Unallocated corporate expenses			**(20,023)**	(37,815)
Finance costs			**(1,592)**	(1,532)
Loss before tax			**(85,196)**	(59,739)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during both years.

Segment results represent the loss suffered by each segment without allocation of corporate expenses, corporate (loss)/income and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

4. REVENUE

Information about revenue

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

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers recognised at a point in time:		
Marble slags	**41,402**	56,261
Sales of food	**7,487**	2,230
	48,889	58,491

Information about major customers

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

	2024	2023
	RMB'000	*RMB'000*
Customer A	**41,402**	56,261

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

5. OTHER (LOSS)/INCOME

	2024	2023
	RMB'000	*RMB'000*
Interest income	**2**	3
Imputed interest income on other receivables	**185**	3,693
Exchange loss, net	**(3)**	(59)
Loss on settlement of convertible notes	**(1,697)**	–
Recovery of other receivables	**–**	358
Government grants *(Note)*	**–**	30
Loss on disposal of subsidiaries	**(310)**	–
Others	**37**	86
	(1,786)	4,111

Note:

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

6. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest on lease liabilities	**55**	26
Interest on loan from a director	**–**	125
Interest on other loans	**1,537**	1,381
	1,592	1,532

7. LOSS BEFORE TAX

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

	2024	2023
	RMB'000	*RMB'000*
Cost of inventories sold	**4,914**	1,647
Production stripping costs (included in cost of sales)	**29,940**	32,554
Staff costs (including directors' remuneration):		
– Salaries and directors' fee	**7,788**	7,468
– Retirement benefits scheme contributions	**711**	542
– Allowance and benefits in kind	**11**	137
	8,510	8,147
Auditor's remuneration:		
– Audit services	**520**	535
– Non-audit services	**214**	142
Depreciation of property, plant and equipment	**1,476**	1,881
Depreciation of right-of-use assets	**990**	460
Expenses related to short-term lease	**1,828**	1,613
Impairment losses recognised in respect of:		
– property, plant and equipment	**44,295**	21,668
– intangible assets	**11,198**	5,366
– right-of-use assets	**271**	283
(Gain)/loss on disposal of property, plant and equipment	**(82)**	3,561

8. INCOME TAX EXPENSE/(CREDIT)

	2024	2023
	RMB'000	*RMB'000*
PRC Enterprise Income Tax		
– Current tax	**105**	1,261
– Over-provision in prior years	**–**	(1,400)
Income tax expense/(credit)	**105**	(139)

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC is 25% for both years.

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

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

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

9. LOSS PER SHARE

(a) Loss per share－Basic

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately RMB85,301,000 (2023: RMB59,600,000) and the weighted average number of 209,548,000 (2023: 153,869,000) ordinary shares in issue during the year.

(b) Loss per share－Diluted

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

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

10. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2024, nor has any dividend been proposed subsequent to the end of the reporting period (2023: Nil).

11. TRADE RECEIVABLES

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

	2024	2023
	RMB'000	*RMB'000*
0 to 90 days	**4,364**	23,028
91 to 180 days	**11,136**	–
181 to 360 days	**5,064**	–
361 to 720 days	**–**	980
	20,564	24,008

The credit period is generally up to three months.

12. TRADE PAYABLES

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

	2024	2023
	RMB'000	*RMB'000*
0 to 60 days	**7,228**	10,082
61 to 120 days	**–**	–
121 to 180 days	**–**	–
Over 180 days	**187**	186
	7,415	10,268

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

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB85,301,000 for the year ended 31 December 2024 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB12,835,000. As stated in note 2, these events or conditions, along with other matters set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2024 (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Marble Slag

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

China's economic recovery momentum slowed down due to subdued domestic demand. The property sector activity continues to decline, showing persistent weakness in property demand and liquidity constraints of property developers. High inventory pressure prompted property developers to stay cautious on new investment in construction projects. China government has introduced a set of policy stimuli to support property market during 2024, in order to stabilise housing and financial market prices. In end of 2024, property market in top-tier cities has already seen improvement in property demand. The Company believes the recovery of construction industries are expected to maintain its momentum to grow in 2025. Due to China's economic slowdown, sales volume of marble slags of the Group decreased by 18.9% from approximately 2.2 million tons for FY2023 to approximately 1.8 million tons for FY2024 and average selling price decreased by 9.2% from RMB26.0 per ton for FY2023 to RMB23.6 per ton. The Company believes that the support policies from China government will lead to a gradual recovery in construction activity in 2025.

Food Brand Business

The Group's food brand business in the United Kingdom (the "UK") involves a delivery-only operation with its own central kitchen for ready-to-cook meal kits for the food in various culinary recipes. The Group has its three own brands of "Celeplate好食", "Burgogi Korean BBQ Burger" and "Y ā 鴨之" and rolled out four categories of food, such as (1) seafood and sashimi, (2) meat and wagyu, (3) BBQ and hotpot material products, and (4) oven-ready Peking duck. The Group has its own website of the virtual shop and takes orders online from UK customers on its website (www.celeplate.co.hk). The Group has three main sales channels including e-commerce, distribution through retailing stores and the business model as original equipment manufacturer (the "OEM").

Customers have greater acceptance of pre-made food in recent years. Due to the increasing pace of modern life, the time consumers are willing to spend on cooking is reduced dramatically. Pre-made food can satisfy people's demand for efficiency. The pre-made food market has huge potential in the UK. Sales of food grew by 2.4 times from approximately RMB2.2 million for FY2023 to approximately RMB7.5 million for FY2024. The Group will continue to strengthen brand publicity and new product promotion to expand the customer coverage.

Exploration, Development and Production Activities

The Group focused on the development and mining at the Zhangjiaba mine during FY2024. The Zhangjiaba Mine contains 44.2 million cubic meter of measured and indicated marble resources, which represents 16.8 million cubic meter of proved and probable marble reserves based on a block rate of 38%, according to the independent competent person's report dated on 7 March 2011 (as shown in the Company's Prospectus). There was no geological exploration activity for the new mining sites during FY2024.

The Zhangjiaba mine is mainly divided into the eastern mining zone and the western mining zone. During FY2024, the Group continued to carry out the stripping of the overburden materials at the surface for both the eastern and western zone of the deposit. The deposit in these areas is still cracked. The Group expects that the further development of the mine to lower benches will be required for large block production. As the property sector has been facing much difficulties in China in coming next few years, the Company believes the demand of marble block would dwindle to a large extent. Due to the uncertainties, the Group intended not to predict the timing of resumption of block extraction and production in the Zhangjiaba mine.

During FY2024, the aggregate expenditure of the mining operation of the Group was approximately RMB32.6 million (FY2023: RMB35.2 million), which mainly included amortization of mining rights and land use right of approximately RMB2.6 million (FY2023: RMB2.6 million) and subcontracting cost of stripping of approximately RMB29.9 million (FY2023: RMB32.6 million). During FY2024, the Group explored the mine areas by the outsourced engineering team in order to reduce the fixed cost of production and increase the financial flexibility of the Group. As at 31 December 2024, the Group has terminated the mining contract with the existing engineering team and has been re-considering the operation model in order to improve the profit margins and productivity.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately RMB9.6 million or 16.4% from approximately RMB58.5 million for FY2023 to approximately RMB48.9 million for FY2024. The decrease was primarily due to a combined effect of (i) a decrease of approximately RMB14.9 million in sales of marble slags from approximately RMB56.3 million for FY2023 to approximately RMB41.4 million for FY2024, resulting from a decrease in demand of marble slags, and (ii) an increase of approximately RMB5.3 million in sales of food from approximately RMB2.2 million for FY2023 to approximately RMB7.5 million for FY2024, resulting from the expansion of customer base by strengthening brand publicity and new product promotion.

Revenue by products

	Year ended 31 December		
	2024	2023	Change
	RMB'000	*RMB'000*	
Sales of marble slags	**41,402**	56,261	–26.4%
Sales of food	**7,487**	2,230	+235.7%
	48,889	58,491	–16.4%

Analysis by sales volume and selling price of marble related business

	Year ended 31 December		
	2024	2023	Change
Sales volume:			
Marble slags *(thousand tons)*	**1,756**	2,164	–18.9%
Average selling prices:			
Marble slags *(RMB per ton)*	**23.6**	26.0	–9.2%

Gross profit and Gross profit margin

Gross profit decreased by approximately RMB10.4 million or 47.7% from approximately RMB21.7 million for FY2023 to approximately RMB11.3 million for FY2024.

Gross profit margin decreased by 13.8 percentage points from 37.0% for FY2023 to 23.2% for FY2024. The decrease was primarily due to a decrease in gross profit margin attributable to the marble slag business, resulting from a decrease in average selling price per ton of marble slag.

Selling and distribution expenses

Selling and distribution expenses increased from approximately RMB4.2 million for FY2023 to approximately RMB4.5 million for FY2024. The increase was primarily due to an increase in the cost of product and sales promotion attributable to food brand business.

Administrative expenses

Administrative expenses decreased from approximately RMB32.6 million for FY2023 to approximately RMB22.0 million for FY2024. The decrease was primarily due to (i) a decrease of approximately RMB5.0 million in the cost of rehabilitation and greening work for the mining site of Zhangjiaba mine; (ii) a decrease of approximately RMB3.6 million in loss on disposal of property, plant and equipment and (iii) a decrease of approximately RMB1.8 million in consultancy in relation to fund raising activities of the Company.

Impairment loss under expected credit loss model

Impairment loss of approximately RMB11.0 million under expected credit loss model (FY2023: RMB19.9 million) comprise a gain on reversal of impairment loss of approximately RMB0.6 million (FY2023: loss of RMB9.6 million) in relation to trade receivables and impairment loss of approximately RMB11.6 million (FY2023: RMB10.3 million) in relation to other receivables for FY2024.

(i) Impairment loss in relation to trade receivables

The Company recognised a gain of RMB0.6 million on a reversal of the impairment loss in relation to trade receivables for FY2024, as compared to a loss of RMB9.6 million on provision for impairment loss in relation to trade receivables for FY2023. The Group has made progress to recover the long outstanding amount of RMB1.8 million from the customers for marble slab business in which the Group no longer operated. The impairment loss was provided due to payment delays of the outstanding invoices from customers. The Company makes a full provision for impairment loss when the outstanding invoices are overdue for more than two years according to the Company's accounting policies. The outstanding invoices overdue less than two years would be impaired based on the expected credit loss assessment performed by an independent qualified valuer. The Company has continued to assess the repayment ability of the customers and actively communicated with them to recover the outstanding receivables.

(ii) Impairment loss in relation to other receivables

The Group made an impairment loss of RMB11.6 million on other receivables for FY2024, representing an increase of approximately RMB1.3 million, as compared to RMB10.3 million for FY2023. The impairment loss in relation to other receivables was recognised for FY2024 and FY2023 primarily due to the recoverability assessment of the return of payment for grinding mill machines and the construction of production plant from the suppliers. The suppliers agreed to refund the payment for grinding mill machines and the construction of production plant by instalments. During FY2024, the Group received the refund of approximately RMB7.3 million from the suppliers. In considering the current difficult economic environment, the impairment loss on other receivables for FY2024 increased by approximately RMB1.3 million primarily due to payment delays resulting in heightening the risk of default for the suppliers.

Impairment loss recognised in respect of non-financial assets

An impairment loss of approximately RMB55.8 million was made on non-financial assets for FY2024, representing an increase by approximately RMB28.5 million as compared to approximately RMB27.3 million for FY2023, due to a decrease in recoverable amount from cash-generating unit ("CGU") derived from the Zhangjiaba Mine. The Company engaged an independent qualified valuer to carry out a valuation of the recoverable amount of the CGU as at 31 December 2024, based on the value-in-use calculations. The valuation uses cash flow projections based on financial estimates covering the remaining useful life of 16 years ("Projection Period") and a discount rate of 26%. There was no change in the valuation method used in current and prior years. The decrease in recoverable amounts of CGU was primarily due to a decrease of expected production volume and lower the expected growth rate on sales of marble slags during the Projection Period, considering a noticeable drop in sales of marble slags for two years in a row, the weak global demand and China's economic headwinds.

Loss for the year attributable to owners of the Company

As a result of the foregoing, the Group recorded a loss of approximately RMB85.3 million for FY2024, representing an increase of approximately RMB25.7 million as compared to a loss of approximately RMB59.6 million for FY2023.

Liquidity and Capital Resources

As at 31 December 2024, the Group's total equity interests were approximately RMB76.2 million, representing a decrease by 49.5% as compared with RMB150.9 million as at 31 December 2023. The decrease was mainly attributable to a combined effect of (i) a net loss of approximately RMB85.3 million recorded for FY2024 and (ii) an increase of approximately RMB10.9 million on conversion and settement of convertible notes by issuing of shares of the Company.

As at 31 December 2024, the Group had cash and bank balances of approximately RMB8.6 million (31 December 2023: RMB4.7 million). Cash and bank balances were mainly denominated in Hong Kong dollars and Chinese Renminbi ("RMB"). The Group has adequate financial resources to meet the anticipated future liquidity requirement and capital expenditure commitment.

As at 31 December 2024, total borrowings of the Group of approximately RMB13.3 million (31 December 2023: RMB16.3 million) primarily comprised other loans of approximately RMB12.4 million (31 December 2023: RMB5.1 million), a director's loan (included in amount due to a director) of nil (31 December 2023: RMB1.0 million), convertible notes of nil (31 December 2023: RMB9.1 million) and lease liabilities of approximately RMB0.9 million (31 December 2023: RMB1.1 million). The borrowings were unsecured and dominated in RMB, Hong Kong Dollar and United States dollar. The annual interest rate of the borrowings for FY2024 ranged from 2.0% to 15.0% per annum (FY2023: 2.0% to 12.7% per annum). The borrowings of approximately RMB13.1 million were repayable within one year which was accounted for as current liabilities of the Group and the borrowings of approximately RMB0.2 million were repayable beyond one year which was accounted for as non-current liabilities of the Group. The Group does not currently use any derivatives to manage the interest rate risk. Gearing ratio, representing total borrowings divided by total equity, was 0.17 (31 December 2023: 0.10).

Capital Expenditure

During FY2024 and FY2023, the Group did not incur any material capital expenditure on its businesses.

Charge of the Group's assets

As at 31 December 2024 and 2023, the Group did not have any charges on its assets.

Significant investment held

As at 31 December 2024 and 2023, there were no material investments held by the Group.

Exposure to Fluctuations in Exchange Rates

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

Contingent liabilities

As at 31 December 2024 and 2023, the Group did not have any significant contingent liabilities.

Capital Commitments

As at 31 December 2024 and 2023, the Group did not have any significant capital commitments.

Human Resources

As at 31 December 2024, the Group had employed a total of 39 employees (31 December 2023: 38 employees). The total staff cost, including directors' emoluments, share options benefit and pension scheme contribution, was approximately RMB8.5 million for FY2024 (FY2023: RMB8.1 million).

The Group's emolument policies are formulated on the performance of individual employee and on the basis of the salary trends in Hong Kong and the PRC, and will be reviewed regularly. Subject to the Group's profitability, the Group may also distribute a discretionary bonus to its employees as an incentive for their contribution to the Group.

BUSINESS REVIEWS AND PROSPECTS

In 2024, China economy is showing signs of recovery amid the continued efforts of China government to boost domestic demand and tackle the property market slump. However, the recovery remains fragile and the economic performance has been hindered by ongoing deflationary pressures and weak consumer confidence. Marble slags of the Group are raw materials to produce ground calcium carbonate ("GCC") which is a natural occurring mineral that is extensively used in various industries, such as construction, packaging and food industries. The growth of these industries is significantly contributing to the demand for GCC. China's economy is on a structural growth downtrend. China is facing rising risks of geopolitical tensions that threaten to compound China's longer-term productivity challenges and ongoing property sector strains dampening demand and confidence. Upon the backdrop of the property market downturn and global demand uncertainties, the Group recorded a drop of sales for two years in a row. The Group's sales of marble slags decreased by 26.4% from approximately RMB56.3 million for FY2023 to approximately RMB41.4 million for FY2024. The average selling price per ton decreased by 9.2% from approximately RMB26.0 for FY2023 to approximately RMB23.6 for FY2024, resulting in a decrease in gross profit margin from 37.5% for FY2023 to 21.1% for FY2024. In the wake of that the Group's exclusive sales agreement of marble slag with a GCC manufacturer has been expired in December 2024, the Group decided not to renew the exclusive sales agreement with the GCC manufacturer. The Group, as one of key suppliers of marble slag in the region, believes that the termination of the exclusive sales agreement would help the Group to expand and broaden the customer base and gain more bargaining power and further improve the business return. The Group was re-setting and adjusting the operation of business which may lead to negative impact on its sales in the first half year of 2025. However, the Company believes the Group is capable of overcoming the negative effect on adjustment of operations and continue to thrive. The Group remains cautious on China's economic outlook. It may take time for a more robust and balanced recovery to materialize. Looking forward to 2025, the Company believes the Group's marble slag business will make the path to growth, albeit at a slower pace, amid demand in the property market starting to recover.

The Group commenced food brand business in the UK in December 2022. The Group has been continually evolving and fine tuning the business model and strategy to react the need for customers and external environment. The Group targets the customers who are too busy to cook but want to enjoy healthy and tasty home-made meals with fresh ingredients with their family. The ready-to-cook meals would be a good choice for them. The Group runs the food brand business on a delivery-only operation with its own central kitchen for ready-to-cook meal kits in various culinary recipes. The Group carry out a click-and-mortar strategy by integrating the online and offline operations. The Group operates the e-commence through an online webpage (www.celeplate.co.uk) for consumers and also sells the products to retailers and shops as offline distribution channels. The Group's sales of food reached approximately RMB7.5 million, representing an increase by approximately 2.4 times as compared to FY2023. The Group believes that the food brand business is on a strong growth path and the Group has already established a foothold in the UK and the further progress could be made.

The Group entered in two MOUs for the possible acquisition of the mining rights in two different areas in Chile in December 2023 and October 2024, respectively. These possible acquisitions would offer a strategic opportunity for the Group to diversify its portfolio of mining businesses. The continued geopolitical tensions between the US and China and worries on potential global economic recession drive a rise in demand and price of gold. The Company believes it is a good opportunity for the Company to extend the mining business of the Group to metal mining in overseas market.

Uncertainty surrounding China's economy remains very high in foreseeable future. China has to overcome headwinds from geopolitical tensions and slowing global economy. The Group will continue to be alert and maintain a high degree of vigilance to monitor the market situation and to identify risk signals that that could adversely affect the Group's business. The Group will also continue to consolidate the production and operations of the mining business and extend the customer base to improve its business performance. On the other hand, the Group will also continue to explore new business opportunities so arising in order to maximize shareholders' value in the future.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries or holding company or subsidiary of the holding company has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct for dealing in securities of the Company by the directors. Having made specific enquiry to all the Directors, they confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout FY2024, and the Company was not aware of any non-compliance with such required standard of dealings regarding securities transactions by Directors throughout FY2024.

CORPORATE GOVERNANCE PRACTICES

The Company strives to attain and maintain high standards of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders. The Board is responsible for implementing good corporate governance of the Company and believes that high standards of corporate governance provide a framework and solid foundation for the Group to safeguard the interests of shareholders and other stakeholders and enhance the shareholders' value.

The Company has complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") for FY2024 except for deviation from code provisions C.2.1, C.1.8 and F.2.2 of the CG Code.

Deviation from C.2.1 of the CG Code

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

Under code provision C.2.1 of the CG Code, the roles of chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. During FY2024, the Board has yet to appoint chairman of the Board (the "Chairman"). The independent Board members will temporarily take the role and responsibility of Chairman to ensure that the board is effective in its task of setting and implementing the Company's direction and strategy. During FY2024, following the resignation of the CEO, Mr. Li Yunfei on 6 June 2024, the duties of the CEO are undertaken by executive directors of the Company. The Board is of the view that there is a sufficient balance of power and the current arrangement maintains a strong management position of the Company.

Deviation from C.1.8 of the CG Code

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

Deviation from F.2.2 of the CG Code

Under code provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting. The chairman of the board should also invite the chairman of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, the chairman should invite another member of the committee or failing this their duly appointed delegates to attend. During FY2024, Ms. Zhang Cuiwei, Mr. Zhang Mian, Mr. Andreas Varianos and Ms. Zu Rui attended the annual general meeting (the "AGM") and other members of the Board were unable to attend AGM due to other business commitments. The Board was aware of this deviation and will continue to bring the importance of attending AGMs to the attention of each committee's chairman and its members.

AUDIT COMMITTEE

The Audit Committee, which consists of two members, all of whom are independent non-executive Directors, has reviewed the Group's consolidated financial statements for the year ended 31 December 2024, including the accounting principles and practices adopted by the Group and discussed with auditors in relation to the internal control and financial reporting matters of the Group.

SCOPE OF WORK OF CONFUCIUS INTERNATIONAL CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Company's auditor, Confucius International CPA Limited, to the amounts set out in the Group's audited consolidated financial statement for the year. The work performed by Confucius International CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Confucius International CPA Limited on the announcement.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2024 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the website of the Stock Exchange (www.hkex.com.hk) and the Company's website (www.kingstonemining.com), and the 2024 annual report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
China Kingstone Mining Holdings Limited
Cheung Wai Kee
Company Secretary

Hong Kong, 31 March 2025

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