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CHINA KINGSTONE
中國金石

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)

SUPPLEMENTAL ANNOUNCEMENT
SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Reference is made to the announcement dated 24 April 2026 of China Kingstone Mining Holdings Limited (the "**Company**") in relation to the proposed Subscriptions (the "**Subscriptions Announcement**"). Unless otherwise defined, capitalised terms used herein have the same meanings as those defined in the Subscriptions Announcement and the Acquisition Announcements (as defined below).

The Company wishes to provide further information relating to, among others, the Subscriptions.

INTENDED USE OF PROCEEDS FROM THE SUBSCRIPTIONS

As disclosed in the Subscriptions Announcement, the net proceeds from the Subscriptions, after deduction of the relevant expenses, are estimated to be approximately HK$8.90 million. The intended use of the proceeds from the Subscriptions is for: (a) the Group's general working capital purposes; and (b) the growth and expansion of the Group's business, including but not limited to the exploration of potential precious metals opportunities and potential projects in Chile.

Allocation of the use of proceeds

The Company intends to allocate the net proceeds from the Subscriptions as follows:

		Allocation of net proceeds (HK$)	Approximate percentage of net proceeds
(a)	General working capital of the Group	7.12 million	80%
(b)	Growth and expansion of the Group's business, including exploration of potential precious metals opportunities and potential projects in Chile	1.78 million	20%
Total		8.90 million	100%

Further details of the proposed use of net proceeds and the expected utilisation timeline

(a) General working capital of the Group

As disclosed in the annual report of the Company for the year ended 31 December 2025 (the "**2025 Annual Report**"), as at 31 December 2025, the Group had cash and bank balances of approximately RMB37.2 million (against an operating cash outflow of approximately RMB5 million). The Board has taken into account that while the Group's aggregate internal resources remain structurally sufficient to support its ongoing business operations on a consolidated level, these funds are geographically segregated and committed across different jurisdictions. Set out below is a summary of the Group's cash and bank balances as of 31 December 2025:

Cash and bank balances	Approximate amount (RMB million)	Approximate percentage	Earmarked
Onshore (inside Mainland China)	27.4	73.7%	Service the Group's operations inside Mainland China, including customer refundable guarantee deposits, advance payments for products, committed payments to supplier contractor payables, and localized expansion reserves and general operating expenses.
Offshore (outside Mainland China)	9.8	26.3%	Service offshore (outside Mainland China) funding needs, including professional fees for the Chile project, legal and audit overhead, loan repayments, and other general expenses (such as salaries and rental for operations in Hong Kong and the UK).
	37.2	100.0%	

While the Group possesses adequate consolidated liquidity, the remittance of onshore funds from Mainland China to Hong Kong is subject to regulatory procedures, compliance verifications, capital conversion frameworks inherent in cross-border fund transfers. Having regard to these standard procedural timelines, and having considered the projected offshore operating expenses, contractual commitments and debt servicing obligations for the second half of 2026, as well as the natural cycles of mining activities and the need to settle overdue payables, the Board is of the view that the securing offshore funding through the Subscriptions is a prudent measure to optimize the Group's liquidity buffer.

Set out below is a breakdown of the proposed allocation of the net proceeds from the Subscriptions:

	Proposed allocation (approximate HK$ million)	**Approximate percentage**
Staff costs	1.38	20%
Rental expenses	0.31	4%
Administrative, operating and other general corporate expenses	5.43	76%
Total	7.12	100%

The staff costs of approximately HK$1.38 million allocated under the Subscriptions relate to the Group's ongoing and recurring salary obligations expected to be incurred in the ordinary course of business during the second half of 2026. The staff costs earmarked from the net proceeds of previous fundraisings are expected to be fully utilised by June 2026, consistent with their intended purposes. The Board considers such proposed allocation to be reasonable and consistent with the Group's ongoing operational needs.

The administrative, operating and other general corporate expenses of approximately HK$5.43 million are expected to be applied towards, among others, (i) settlement of outstanding other payables of approximately HK$0.50 million, (ii) reserved legal fees for an ongoing court case of approximately HK$1.50 million, (iii) outstanding interest payments of approximately HK$1.05 million, and (iv) other general administrative and corporate expenses of approximately HK$2.38 million. Such other general administrative and corporate expenses mainly comprise ordinary and recurring operating expenses of the Group. The above administrative, operating and other general corporate expenses are expected to be incurred in the ordinary and usual course of the Group's business during the second half of 2026. Save as disclosed above, no part of the aforesaid allocation is intended to be applied towards directors' remuneration or the Pumillahue Project or other potential precious metals opportunities.

An allocation of approximately HK$1.50 million has been earmarked for estimated legal and professional fees in connection with a litigation matter previously disclosed in the 2025 Annual Report. As previously disclosed, Zhongtai International Wealth Management Limited (a plaintiff in the action) has alleged, among others, that the Company is liable to account to it for approximately HK$61.4 million, which the plaintiff claims was wrongfully returned, and seeks equitable compensation and/or damages and other related relief.

As at the date of this announcement, a case management conference is scheduled to be held on 16 June 2026, and no trial date has been fixed. Having regard to the anticipated progression of the action, the Board has, as a matter of financial prudence and to ensure adequate liquidity budgeting, earmarked the HK$1.5 million to cover the estimated legal and professional costs necessary to support the Company's defense of its position.

As at the date of this announcement, out of the Group's offshore cash and bank balances of approximately RMB9.8 million as at 31 December 2025, approximately HK$1.9 million remains unutilised. The Board expects the Group's existing offshore funds to be substantially utilised during the first half of 2026. Accordingly, the net proceeds of approximately HK$7.12 million allocated for general working capital under the Subscriptions are intended to cover the Group's working capital requirements for the second half of 2026 and are expected to be utilised by 31 December 2026.

(b) Growth and expansion of the Group's business, including but not limited to the exploration of potential precious metals opportunities and potential projects in Chile

The remaining portion of the net proceeds of approximately HK$1.78 million allocated for the growth and expansion of the Group's business is intended to be applied primarily towards the Pumillahue Project in Chile. In particular, approximately HK$1.50 million is expected to be used for geological work, site visits, technical assessments and other exploration-stage work, and approximately HK$0.28 million is expected to be used for Chilean legal fees, valuation fees and other professional fees. These proceeds are expected to be utilised within three months from the date of Completion.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no part of the HK$1.78 million is intended to be paid or advanced to the Vendor, namely Mr. Song Tai ("**Mr. Song**"), the target company, their respective associates, or any parties connected with them.

Update on Status of the Pumillahue Project

Reference is made to the Company's announcements dated 22 December 2023, 11 December 2024 and 30 December 2025 (collectively, the "**Acquisition Announcements**"). Since December 2023, the Group has been actively progressing a non-binding MOU in relation to the Pumillahue Project.

The Board wishes to provide the Shareholders and prospective investors with an update regarding the technical data and progression of the Pumillahue Project.

The Pumillahue Project is a gold mining concession covering approximately 400 hectares located in Mariquina Commune, Valdivia Province, Los Rios Region in southern Chile. Chile is a globally recognised mining-friendly jurisdiction with abundant mineral resources, a stable regulatory framework, and well-established mining infrastructure.

Engagement of Professional Parties

As at the date of this announcement, the due diligence exercise in relation to the Pumillahue Project is ongoing and has substantially progressed. The Group has engaged professional parties, including Chile China Lawyers – Chilean legal advisers, PricewaterhouseCoopers Consultants (Shenzhen) Limited – tax adviser, ROMA Appraisals Limited – valuer, and GMY Consulting Inc. and NEBU Consulting LLC – geological consultants, to assist in the due diligence exercise and evaluation of the Pumillahue Project. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, such professional parties are independent of the Company, the Vendor, SSE and their respective associates.

The scope of the due diligence included the following:

(i) GMY Consulting Inc., a Canada-based geological consulting firm to conduct due diligence on the mining sites. Such work has included, among others, observing and logging the geological sequence of the placer mineralisation, confirming the depth, thickness and characteristics of the gold-bearing strata, visiting the historic exploitation plant and various extraction sites, and assessing site conditions to recommend potential future extraction methods. A draft geological report has been provided to the Board for review;

(ii) NEBU Consulting LLC, a US-based geological consulting firm to carry out additional due diligence (including identifying further drilling locations) and to prepare a technical report on the Pumillahue Project in accordance with the internationally recognised standard National Instrument 43–101 and Form 43–101F1. A draft technical report has been provided to the Board for review;

(iii) Chile China Lawyers, Chilean legal advisers to conduct legal due diligence on the relevant mining concessions and related registry matters, including ownership, encumbrances and matters relevant to the proposed transfer and registration of the mining rights, as well as the proposed corporate restructuring. Their work remains in progress;

(iv) PricewaterhouseCoopers Consultants (Shenzhen) Limited, a tax adviser to assess the Chilean tax implications relevant to the proposed acquisition structure. A draft tax report has been provided to the Board for review; and

(v) ROMA Appraisals Limited, a valuation consultant, to prepare an independent valuation of the shares of the target company under the intended acquisition structure. The valuation is ongoing and the progress is dependent on the pre-acquisition restructuring of the target company.

Key Findings of the Draft Geological Reports

As at the date of this announcement, the Group has received two draft geological reports in relation to the Pumillahue Project, namely (i) a localised field visit report prepared by GMY Consulting Inc.; and (ii) a technical assessment report prepared by NEBU Consulting, LLC in accordance with the standards of Canada's National Instrument 43–101 Standards of Disclosure for Mineral Projects ("**NEBU NI 43–101 Report**").

The GMY field visit report records that a reverse circulation drilling programme was completed at the Pumillahue Project, during which a geological structure known as the 'Blue Stratum' was intercepted. The draft report noted that visible gold was recovered via gravity panning in certain specific drill holes. The report also refers to Scanning Electron Microscopy with Energy Dispersive Spectroscopy (SEM-EDS) analysis confirming the presence of high-purity gold particles within those specific localised samples.

The NEBU NI 43–101 Report provides a comprehensive technical assessment of the Pumillahue Project in accordance with Canada's National Instrument 43–101 standards. It summarises the property description and location, ownership under the MOU with SSE, regional and local geology, history of placer gold mining in the district, and the characteristics of the mineralisation associated with the Blue Stratum horizon. The report relies in part on historical data, previous exploration information and the Qualified Person's site visit. No classified mineral resources or mineral reserves have been established for the Pumillahue Project at this stage, and further exploration work and technical studies are required for a complete evaluation.

To achieve a better asset evaluation, the NEBU NI 43–101 Report recommends a two-phase exploration program:

- Phase one (Desktop Optimization & Baseline Surveying): comprises compilation of historical data, satellite imagery acquisition and processing, light detection and ranging (LIDAR) aerial survey and data processing, and a co-ordinated localised field mapping program; and

- Phase two (Targeted Surface Drilling): comprises drill program, statutory environmental and operational planning and permitting, sonic drilling operations, core logging, data interpretation, and final resource reporting.

In light of the above, the Board considers that the technical data supports the Group's decision to proceed with its continued evaluation of the Pumillahue Project. The current positive assessment regarding the Pumillahue Project's long-term exploration potential and commercial merit is preliminary in nature and based on limited due diligence work completed to date. The Pumillahue Project is subject to, and conditional upon, among others, (i) successful execution and satisfactory results of further exploration work, (ii) resolutions and completion of the outstanding due diligence inquiries, (iii) completion of pre-acquisition corporate restructuring required to be performed by the Vendor, (iv) finalisation and receipt of an independent valuation report, and (v) successful negotiation and execution of key commercial terms of any Formal Agreement.

As at the date of this announcement, the key outstanding items in relation to the Pumillahue Project are (i) completion of the pre-acquisition restructuring by the Vendor; (ii) finalisation of the independent valuation report; and (iii) negotiation of the key commercial terms of any Formal Agreement.

As at the date of this announcement, the independent valuation report has not yet been finalized or issued. Under the framework of the proposed transaction, the independent valuer is preparing the valuation on the basis of the shares of the target company under the intended acquisition structure. Accordingly, the finalization of the valuation report is dependent upon the completion of the Vendor's pre-acquisition restructuring. The scope of upcoming valuation is expected to cover the equity value (shares) of the target company, as the target company will, upon completion of the restructuring, serve as the holding vehicle for the mining concessions. The outstanding restructuring steps primarily involve the formal structuring to the asset-holding layers under the target company on the Vendor side. The Company is liaising with the Vendor and the professional advisers to expedite these outstanding steps, which are expected to be completed in alignment with the expiry of the exclusivity period (i.e., 30 June 2026) under the MOU.

Subject to the due diligence results remaining satisfactory and the parties reaching agreement on the key commercial terms, the Company will then consider whether to proceed with the negotiation and execution of a Formal Agreement.

As at the date of this announcement, no definitive timetable has been fixed for the signing of any Formal Agreement. While the initial non-binding MOU was entered into on 22 December 2023 and the associated exclusivity period has been subsequently extended, the extension of the exclusivity period is a direct consequence of the cross-border complexity, multi-jurisdictional structuring requirements, and asset-verification inherent in a mining acquisition. The extended due diligence phase, spanning approximately 2.5 years, has been utilized by the Group and its professional advisers to execute specialized and multi-disciplinary review. The timeline was necessitated by: (i) the remote physical location and weather constraints affecting site access at the Pumillahue Project in Chile; (ii) the technical requirements of compiling historical data, and translating and interpreting the mining titles and other regulatory permits into compliance frameworks acceptable under international standards; and (iii) designing a tax-efficient holding vehicle. The Company will continue to maintain active and close co-ordination with the Vendor and all the professional parties to advance and finalise the remaining phases of due diligence, pre-acquisition restructuring and valuation workstreams. The Company is deploying necessary resources to expedite these inter-dependent transaction milestones within the exclusivity period under the MOU, which has been extended to 30 June 2026.

Based on the due diligence work conducted to date, the Company has not identified any material issue from the legal, geological, valuation or other due diligence that would lead it to discontinue its current assessment of the Pumillahue Project.

Shareholders are advised that no classified mineral resources or mineral reserves (whether under NI 43–101 or the JORC Code) have been established or verified for the Pumillahue Project as at the date of this announcement.

Others

Save for the evaluation and due diligence work in relation to the Pumillahue Project funded by the HK$1.78 million allocation as disclosed above, the Group is not currently undertaking, funding or committed to any exploration, drilling, development or operational activities at the Gold Mines. In this announcement, "development of the Pumillahue Project" refers to the Group's evaluation and due diligence of the project, and does not refer to any development or operational activities at the Gold Mines. Such activities will only be pursued when the Possible Acquisition materialises.

The exclusivity period under the MOU has been extended to 30 June 2026, to allow the Group to continue its due diligence and negotiations. No formal agreement has yet been entered into as the due diligence process is still ongoing, certain outstanding items remain to be completed, and the parties are still negotiating the key commercial terms. The due diligence process has remained ongoing because certain stages remain to be carried out before the Company is in a position to decide whether to proceed, including geological, legal, tax and valuation due diligence, completion of the Vendor's pre-acquisition restructuring, and negotiation of the key commercial terms. The key reasons for the extended due diligence and negotiation period include:

(i) the complexity of the project, including the need to engage professional advisers across different jurisdictions and the requirements to conduct comprehensive geological, legal and valuation due diligence in accordance with the applicable requirements and to the Board's satisfaction;

(ii) the time required for the Vendor to conduct internal restructuring work during the preparation stage and to complete the related formalities in Chile; and

(iii) the fluctuating global economic conditions and market uncertainty in the mining and commodities sector, which led the Board to adopt a more measured and cautious approach to the pace of the due diligence and negotiation process.

Notwithstanding the prolonged timeline, the Board considers the project remains commercially viable based on the due diligence work completed to date, subject to finalisation of the outstanding items and successful negotiation of commercial terms.

The Company will make further announcement(s) in relation to the Pumillahue Project in compliance with the Listing Rules as and when appropriate.

Earnest Money

As disclosed in the announcement dated 22 December 2023 of the Company, the Earnest Money in the amount of US$1.0 million shall be applied towards payment of part or all of the consideration for the Possible Acquisition if the Formal Agreement is executed within the Exclusivity Period. If the Formal Agreement is not executed within the Exclusivity Period, the Vendor is contractually obliged to return the Earnest Money in full, without interest, to the Company within 14 days from the expiry of the Exclusivity Period. As disclosed in the announcements dated 11 December 2024 and 30 December 2025 of the Company, the Exclusivity Period has been extended to 30 June 2026.

As at the date of this announcement, the full amount of the Earnest Money has been paid. No interest is payable on the Earnest Money. No impairment or provision has been made in respect of the Earnest Money.

The Earnest Money was advanced on an unsecured basis, and is not subject to any formal charges, escrow or third-party guarantee arrangements. Under the terms of the MOU, the Earnest Money is refundable in full if the Formal Agreement is not executed within the Exclusivity Period. In assessing the recoverability profile of the Earnest Money, the Board has taken into account, among others, the Vendor's express and legally binding contractual obligation to return the Earnest Money under the MOU; and the substantial asset-backed position of Mr. Song, in particular, Mr. Song is the legal and beneficial owner of SSE, which in turn holds legal title to 15 mining concessions in Chile, including the concession comprising the Pumillahue Project.

As disclosed in the 2025 Annual Report, the Earnest Money is accounted for as a non-current asset and is a contractual refundable deposit under the MOU. In contrast, an impairment loss of approximately RMB746,000 has been recognised in respect of the US$570,000 Loan to Mr. Song. The Loan is a loan receivable and has been assessed for impairment under the expected credit loss model in accordance with the applicable accounting standards. The key difference between the two balances is that the Earnest Money is a contractual refundable deposit under the MOU, whereas the Loan is a loan receivable subject to impairment assessment under the expected credit loss model.

If the Formal Agreement is not executed by the expiry of the Exclusivity Period and absent of any mutual agreement to further extend the Exclusivity Period, the Company intends to immediately request return of the Earnest Money in accordance with the terms of the MOU. Under the MOU, the Vendor is required to return the Earnest Money in full, without interest, within 14 days from the expiry of the Exclusivity Period. If the Earnest Money is not returned in accordance with the terms of the MOU, the Company will consider taking such steps as it considers appropriate to protect its interests and recover the Earnest Money (including engaging legal counsel to issue pre-litigation default notices, commencing legal proceedings in the appropriate judicial jurisdiction, and seeking interlocutory relief, if appropriate). In the event that the Vendor defaults on his obligations to return the Earnest Money, the Board intends to concurrently demand immediate repayment of all outstanding principal and accrued interest under the Loan. Should the Vendor fail to satisfy the capital demand, the Board intends to execute the Company's rights under the Share Charge to seize and liquidate the pledged equity interest in SSE, thereby utilising the underlying asset to satisfy the Group's financial exposure. As at the date of this announcement, the Board considers the Earnest Money and the Loan remain recoverable.

Mining Rights of the Gold Mines

Pursuant to the MOU, it was contemplated that the Vendor would transfer the mining rights of the Gold Mines before the signing of the Formal Agreement. As at the date of this announcement, the mining rights to the concessions remain registered in an entity controlled by the Vendor, and have not yet been transferred. The transfer is in progress and is expected to be completed prior to the signing of any Formal Agreement. While no binding timeline has been agreed, the parties are progressing the transfer in accordance with the agreed framework.

The Company has been advised by its Chilean legal advisers that, under Chilean mining law, the transfer of ownership of a mining concession needs to be registered in the Mining Property Registry. No separate regulatory approval from Chilean governmental authorities is required, provided that the parties comply with applicable formalities. The completion of the transfer of the mining rights is a condition precedent to the Possible Acquisition. The Board will continue to monitor the progress closely.

Update on process and indicative timetable for transfer of mining rights

Based on the legal advice received from the Company's Chilean legal counsel, the expected transfer process of the mining rights would involve (i) the completion of the Vendor-side pre-acquisition restructuring and vesting the title of the relevant mining concessions to the designated target company; (ii) finalisation of the acquisition structure; (iii) execution of conveyance instruments, including the definitive Formal Agreement together with the relevant transfer documentation by the relevant parties. As advised by the Company's Chilean legal counsel, transfer of mining rights is required to be executed via a formal public deed before a local public notary; and (iv) registration with the Mining Property Registry in Chile. Following notarization, the Company's Chilean legal counsel will submit the public deed to complete the registration and inscription formalities with the competent Mining Property Registry in Chile. The Company currently expects that, if the outstanding restructuring and related matters are completed in a timely manner, the transfer-related steps would be completed within the parameters of the exclusivity period under the MOU, which has been extended to 30 June 2026. This timetable is indicative only, as it relies on, among others, the administrative processing of the local authorities in Chile, and remains subject to change.

As advised by the Company's Chilean legal counsel, subject to the satisfaction of public notarization protocol and statutory registration formalities under applicable Chilean law, no legal impediment has been identified that would affect the transfer of the relevant mining rights.

As at the date of this announcement, the Board does not consider that the mining rights not yet having been transferred adversely affects the current viability of the Possible Acquisition, as the transfer is intended to be completed prior to the signing of the Formal Agreement and remains one of the matters being progressed by the parties. No binding agreement has been entered into, and there is no assurance that the Possible Acquisition will proceed. Subject to the further findings in the due diligence, the Board considers it inappropriate to provide a rigid timetable for the completion of due diligence and the signing of any formal agreement.

If there is any further material update on the Pumillahue Project, the Company will make further announcement(s) to inform the Shareholders and the Stock Exchange as and when appropriate or as required under the Listing Rules.

FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

As disclosed in the Subscriptions Announcement, the Company has conducted the following equity fund-raising activities in the past twelve months immediately prior to the date of this announcement. The Board wishes to provide the following updated breakdown of the actual use of proceeds from each equity fund-raising activity.

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
26 September 2025	Issue of Shares under general mandate	The gross proceeds and the net proceeds from the subscription amounted to HK$3.54 million and approximately HK$3.46 million, respectively.	The Company intended to apply the net proceeds from the subscription as its general working capital.	All of the net proceeds in the amount of HK$3.46 million were applied towards (i) general working capital of approximately HK$2.70 million; (ii) expansion of the Group's food brand business of approximately HK$0.21 million; and (iii) settlement of professional fees of approximately HK$0.55 million.
22 August 2025 and 28 August 2025	Issue of Shares under specific mandate	The gross proceeds and the net proceeds from the subscriptions amounted to HK$19.0 million and approximately HK$18.6 million respectively.	The Company intended to apply the net proceeds from the subscription as its general working capital and growth and expansion of business.	As at the date of this announcement, the Company has utilised the net proceeds of approximately HK$18.6 million towards (i) general working capital of approximately HK$7.98 million; (ii) expansion of the Group's food brand business of approximately HK$4.37 million; (iii) repayment of the Group's liabilities of approximately HK$1.80 million; (iv) settlement of professional fees of approximately HK$1.32 million; and (v) the Pumillahue Project of approximately HK$3.13 million.

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
25 July 2025 and 6 August 2025	Issue of Shares under general mandate	The gross proceeds and the net proceeds from the subscription amounted to HK$2.48 million and approximately HK$2.42 million, respectively.	The Company intended to apply the net proceeds from the subscription as its general working capital.	All of the net proceeds in the amount of HK$2.42 million were applied towards (i) general working capital of approximately HK$0.79 million; (ii) expansion of the Group's food brand business of approximately HK$0.67 million; (iii) repayment of the Group's liabilities of approximately HK$0.54 million; and (iv) settlement of professional fees of approximately HK$0.42 million.
24 June 2025 and 2 July 2025	Issue of Shares under general mandate	The gross proceeds and the net proceeds from the subscription amounted to HK$2.41 million and approximately HK$2.36 million, respectively.	The issue of the shares was made in full and final settlement of a loan and its accrued interest.	All of the net proceeds in the amount of approximately HK$2.36 million were applied in full and final settlement of a loan and its accrued interest.

Save as disclosed above, the Company has not conducted any other fund-raising activities involving the issue of equity securities during the 12 months immediately preceding the date of this announcement.

The Group continues to seek additional working capital to support its ongoing operations, enhance financial flexibility, and position itself to capture new opportunities. As disclosed above, a substantial portion of the Group's cash and bank balances was already earmarked or reserved for the Group's operational and funding needs, and the proceeds raised from the prior fund-raising activities conducted in 2025 have been fully utilised. In light of the Group's projected operating expenses, contractual commitments and debt servicing obligations for the second half of 2026, the Board considers the Subscriptions to be an efficient and timely means of further strengthening the Group's financial position. This approach allows the Group to meet its projected operating expenses and contractual commitments for the second half of 2026, while also preserving funds for the Pumillahue Project and other potential business opportunities.

Proceeds from Rights Issue – Loan

Reference is made to the prospectus of the Company dated 23 January 2025 (the "**Rights Issue Prospectus**") and the completion announcement of the Company dated 27 February 2025 in relation to, among others, the Rights Issue. The net proceeds from the Rights Issue amounted to approximately HK$4.49 million.

Out of such net proceeds, approximately HK$4.43 million were applied towards the grant of a loan in the principal amount of US$570,000 (the "**Loan**") to Mr. Song, the Vendor under the MOU. The Loan was advanced pursuant to a loan agreement dated 11 March 2025 (the "**Loan Agreement**"). The Board confirms that the application of such proceeds is consistent with the intended use of proceeds as disclosed in the Rights Issue Prospectus, which stated that approximately HK$5.5 million would be applied for investment in potential business opportunities, including possible co-operation with a vendor in respect of certain gold mining rights located in southern Chile.

The principal terms of the Loan Agreement are as follows:

Principal amount	US$570,000 (equivalent to approximately HK$4.43 million)
Interest rate	8% per annum
Repayment date	30 September 2027
Repayment terms	The outstanding principal amount together with accrued interest is repayable on the repayment date
Use of proceeds	To carry out due diligence exercise and exploration work for the Pumillahue Project, including test-pitting activities and extraction works
Security	A charge over 15% of the equity interest in SSE (defined below) in favour of the Company
Events of default	Non-payment, breach of obligations under the Loan Agreement, and other events that materially adversely affect Mr. Song's ability to perform his obligations under the Loan Agreement

As at the date of this announcement, the outstanding principal amount of the Loan is US$570,000.

Security – Loan

On 10 April 2025, Mr. Song executed a share pledge without conveyance on shares (the "**Share Charge**") over 15% of the equity interest (i.e., 150,000 common shares with no par value) in Sino-American Energy SpA ("**SSE**") (the "**Pledged Shares**") in favour of the Company to secure his obligations under the Loan Agreement.

SSE is a company incorporated in Chile and is wholly owned by Mr. Song, who is the sole registered and beneficial owner of SSE. SSE principally engages in the acquisition, holding and development of mining rights. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, SSE holds 15 mining concessions in Chile, including the mining concessions relating to the Pumillahue Project.

The Share Charge is governed by the laws of Chile. According to the terms of the Share Charge, the Share Charge has been recorded in the shareholders' register of SSE and the relevant registry of pledges in Chile. Upon the occurrence of an event of default under the Loan Agreement, the Company may enforce the Share Charge in accordance with Chilean law.

While no formal independent valuation report in respect of the Pledged Shares was commissioned at the execution of the Share Charge, the Board, in exercising its commercial business judgement and evaluating the overall risk-mitigation framework of the transaction, determined that the collateral was commercially justifiable. In assessing the adequacy of the security, the Board had taken into account, including, (i) the Share Charge covers 15% equity interest in SSE; (ii) SSE is wholly owned by Mr. Song which holds legal titles to 15 mining concessions in Chile, including the mining concessions relating to the Pumillahue Project; and (iii) the Share Charge has been duly executed and formally recorded in accordance with Chilean law, ensuring its legal enforceability and the Group's priority status as a secured creditor. Having considered the above, the Board is of the view that the Share Charge provides commercially adequate security to protect the Company's financial exposure under the Loan. The Group continues to monitor the operational progress of the underlying Chilean mining concessions to ensure the ongoing integrity of the Share Charge.

Impairment Assessment of the Loan

As disclosed in the 2025 Annual Report, the Group recognised an aggregate impairment loss of approximately RMB5.3 million on its other receivables and loan receivables for the financial year ended 31 December 2025, of which an impairment loss of approximately RMB746,000 was recognised in respect of the Loan. Such impairment loss was determined under the expected credit loss model in accordance with the applicable accounting standards, based on an assessment carried out by an independent qualified valuer.

The expected credit loss assessment adopted the general approach and took into account, among other things, the outstanding balance of the Loan together with accrued interest as at 31 December 2025, the credit profile of Mr. Song, and the security provided under the Share Charge. In circumstances where personal financial statements and relevant credit information of Mr. Song were not available for assessment, a conservative credit assumption was adopted by the valuer in carrying out the expected credit loss assessment.

As at the date of this announcement, the Board confirms that there has been no occurrence of delay, default, contractual restructuring, or objective evidence demonstrating credit risk deterioration on Mr. Song.

THE SUBSCRIBERS

The Subscribers were identified through the business network of an executive Director, including existing business contacts and referrals. In selecting the Subscribers, the Board considered their financial capacity, independence from the Company and its connected persons, and willingness to subscribe for the Subscription Shares on the agreed terms. The Board considers that the Subscriptions reflect the Subscribers' confidence in the Group's long-term development and growth prospects, taking into account that they agreed to invest at the Subscription Price of HK$0.57 per Share, being equal to the closing price of the Shares on the date of the Subscription Agreements, without requiring a discount to the prevailing market price.

The Board confirms that the above additional information does not affect any other information contained in the Subscriptions Announcement. Save as disclosed above, all other information in the Subscriptions Announcement remains unchanged.

Completion of the Subscriptions is subject to fulfilment of the Conditions Precedent under the Subscription Agreements as stated in the Subscriptions Announcement. As such, the Subscriptions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 21 May 2026

As at the date of this announcement, the Board comprises Mr. Chin Then Hin (Chief Executive Officer), Ms. Zhang Cuiwei and Mr. Zhang Mian as executive Directors, and Mr. Andreas Varianos and Ms. Zu Rui as independent non-executive Directors.