

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.



KINGSTONE
金石礦業

CHINA KINGSTONE MINING HOLDINGS LIMITED

中國金石礦業控股有限公司

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

(Stock Code: 1380)

**UNAUDITED INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

RESULTS HIGHLIGHTS				
	Six months ended 30 June		Change	
	2024	2023		
	(unaudited)	(unaudited)		
	RMB'000	RMB'000	RMB'000	%
Revenue	30,772	15,043	+15,729	+104.6
Loss for the period	(16,592)	(8,986)	-7,606	N/A
	RMB cents	RMB cents	RMB cents	%
	(unaudited)	(unaudited)		
Basic loss per share	(8.57)	(6.19)	-2.38	N/A

The board of directors (the “Board”) of China Kingstone Mining Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in year 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(unaudited)
REVENUE	4	30,772	15,043
Cost of sales		<u>(19,869)</u>	<u>(8,862)</u>
Gross profit		10,903	6,181
Other income and net gains	5	274	1,883
Selling and distribution costs		(2,472)	(1,102)
Administrative expenses		(12,618)	(11,536)
Impairment losses under expected credit loss model, net of reversal		(12,264)	(3,457)
Finance costs	6	<u>(310)</u>	<u>(955)</u>
LOSS BEFORE TAX		(16,487)	(8,986)
Income tax expense	7	<u>(105)</u>	<u>–</u>
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	8	(16,592)	(8,986)
Other comprehensive loss:			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		(352)	(90)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operation		<u>(6)</u>	<u>(413)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>(16,950)</u>	<u>(9,489)</u>
Loss per share			
– Basic and diluted (RMB cents)	9	<u>(8.57)</u>	<u>(6.19)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Notes</i>	As at 30 June 2024 <i>RMB'000</i> (unaudited)	As at 31 December 2023 <i>RMB'000</i> (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		112,898	113,538
Intangible assets		28,048	28,048
Right-of-use assets		1,133	1,485
Prepayment and other receivables		4,661	5,944
		146,740	149,015
CURRENT ASSETS			
Inventories		161	216
Trade receivables	11	43,266	24,008
Prepayment, deposits and other receivables		18,482	34,446
Cash and cash equivalents		3,798	4,656
		65,707	63,326
CURRENT LIABILITIES			
Trade payables	12	27,215	10,268
Lease liabilities		350	687
Other payables and accruals		31,819	31,516
Amount due to a director		113	1,272
Other loans		4,107	5,062
Convertible notes		3,194	9,062
Tax payables		2,682	460
		69,480	58,327
NET CURRENT (LIABILITIES)/ASSETS		(3,773)	4,999
TOTAL ASSETS LESS CURRENT LIABILITIES		142,967	154,014
NON-CURRENT LIABILITIES			
Lease liabilities		418	416
Provision for environmental rehabilitation		2,697	2,697
		3,115	3,113
NET ASSETS		139,852	150,901
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	37,837	30,420
Reserves		102,015	120,481
TOTAL EQUITY		139,852	150,901

NOTES

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024 (“Interim Financial Statements”) have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Interim Financial Statements do not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2023.

The Interim Financial Statements have been prepared in accordance with the same accounting policies applied in the 2023 annual financial statements, except for additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”) and application of certain accounting policies which became relevant to the Group for the six months ended 30 June 2024 as set out in note 2.

The preparation of the Interim Financial Statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

In preparing the Interim Financial Statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

The Interim Financial Statements contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Group since the 2023 annual financial statements. The Interim Financial Statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

The Interim Financial Statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

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

Going concern

During the six months ended 30 June 2024, the Group incurred a net loss of RMB16,592,000 for the period and, as of 30 June 2024, the Group’s current liabilities exceeded its current assets by RMB3,773,000. These conditions indicate that the existence of a material uncertainty that may cast significant doubts on the Group’s ability to continue as a going concern. In order to improve the Group’s financial position, the directors of the Company (the “Directors”) have been implementing various measures as follows:

- taking active measures to collect trade and other receivables to improve operating cash flows and its financial position;
- negotiating with respective lenders to renew and extend the existing borrowings upon their maturities;

- negotiating with various financial institutions and identifying various options for financing the Group's working capital in the foreseeable future; and
- implementing active cost-saving measures to control administrative costs through various ways to improve operating cash flows at a level sufficient to finance the working capital requirements of the Group.

Based on the cash flow projection of the Group and having taken into account the available financial resources of the Group and the above measures, the Directors consider that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future, and accordingly, are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the Interim Financial Statements prepared on a going concern basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Other than additional accounting policies resulting from application of amendments to IFRSs, the accounting policies and the methods of computation used in the Interim Financial Statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2023.

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the Group's Interim Financial Statements:

Amendments to IFRS 16	Lease Liability 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 period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these Interim Financial Statements.

The Group has not applied any new and amendments to IFRSs that have been issued but not yet effective for the current accounting period.

3. 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:

(a) An analysis of the Group’s revenue and results by operating segments

	Segment revenue		Segment results	
	Six months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Marble Slag	27,676	14,439	307	(1,048)
Food Brand	3,096	604	(2,207)	(1,359)
	<u>30,772</u>	<u>15,043</u>	<u>(1,900)</u>	<u>(2,407)</u>
Reconciliation from segment results to loss before tax				
Unallocated corporate income			366	32
Unallocated corporate expenses			(14,643)	(5,656)
Finance costs			(310)	(955)
Loss before tax			<u>(16,487)</u>	<u>(8,986)</u>

Segment revenue reported above represents revenue generated from external customers.

Segment results represent the (loss suffered)/profit earned by each segment without allocation of central administrative expenses, certain other income and net gains, finance costs and certain impairment losses recognised under expected credit losses model. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

(b) An analysis of the Group's financial position by operating segments

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
ASSETS		
Segment assets		
– Marble Slag	193,552	173,817
– Food Brand	633	668
	<hr/>	<hr/>
Total segment assets	194,185	174,485
Unallocated assets	18,262	37,856
	<hr/>	<hr/>
	212,447	212,341
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES		
Segment liabilities		
– Marble Slag	43,502	23,379
– Food Brand	8,438	6,762
	<hr/>	<hr/>
Total segment liabilities	51,940	30,141
Unallocated liabilities	20,655	31,299
	<hr/>	<hr/>
	72,595	61,440
	<hr/> <hr/>	<hr/> <hr/>

For the purposes of resource allocation and performance assessment between segments:

- all assets are allocated to reportable segments, other than certain prepayment, deposits and other receivables, certain cash and cash equivalents, certain property, plant and equipment and right-of-use assets; and
- all liabilities are allocated to reportable segments, other than certain other payables and accruals, amount due to a director, other loans, lease liabilities and convertibles notes.

(c) **Geographical information**

The following table sets out information about geographical location of (i) revenue from external customers and (ii) non-current assets (excluding prepayment and financial instruments). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of non-current asset are based on the physical location of the assets.

	Revenue from external customers		Non-current assets (excluding financial instruments)	
	Six months ended 30 June		At 30 June	At 31 December
	2024	2023	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Hong Kong	–	–	753	1,153
The People's Republic of China (the "PRC")	27,676	14,439	141,123	141,689
The United Kingdom of Great Britain and Northern Ireland (the "UK")	3,096	604	203	229
	<u>30,772</u>	<u>15,043</u>	<u>142,079</u>	<u>143,071</u>

4. REVENUE

Revenue represents the net invoiced value of goods sold, net of trade discounts and returns.

Information about revenue

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue from contracts with customer recognised at a point in time:		
Sales of marble slags	27,676	14,439
Sales of food	3,096	604
	<u>30,772</u>	<u>15,043</u>

5. OTHER INCOME AND NET GAINS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Bank interest income	1	1
Imputed interest income on other receivables	330	1,897
Exchange loss, net	(92)	(46)
Others	35	31
	<u>274</u>	<u>1,883</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest on lease liabilities	21	2
Interest on amount due to a director	8	61
Interest on other loans	281	892
	<u>310</u>	<u>955</u>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
PRC Enterprise Income Tax:		
– Current tax	<u>105</u>	<u>–</u>

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

The tax rate of subsidiaries of the Company in Hong Kong is 16.5% for both periods.

The tax rate of subsidiary of the Company in the UK is subject to Corporation Tax in the UK (“UK Corporation Tax”) and is calculated at 19% for both periods.

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

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

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

8. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Cost of inventories sold	1,714	463
Depreciation of property, plant and equipment	640	275
Depreciation of right-of-use assets	346	89
Expense related to short-term leases	934	360
Impairment losses recognised in respect of trade receivables, net of reversal	1,740	3,457
Impairment losses recognised in respect of other receivables	10,524	–
	<u>10,524</u>	<u>–</u>

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on a loss of approximately RMB16,592,000 attributable to owners of the Company for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB8,986,000) and the weighted average number of 193,560,332 (six months ended 30 June 2023: 145,162,148) ordinary shares in issue during the period.

(b) Diluted loss per share

The calculation of diluted loss per share had not taken into consideration the assumed exercise of outstanding share options and conversion of convertible notes for both periods as it had an anti-dilutive effect on the basic loss per share.

10. DIVIDEND

The Directors did not recommend payment of any dividend for each of the six months ended 30 June 2024 and 2023.

11. TRADE RECEIVABLES

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

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
0 to 90 days	28,212	23,028
91 to 180 days	15,054	–
181 to 360 days	–	–
361 to 720 days	–	980
	<hr/>	<hr/>
	43,266	24,008
	<hr/> <hr/>	<hr/> <hr/>

The credit period is generally three month. Trade receivables are non-interest bearing.

12. TRADE PAYABLES

Trade payables are unsecured, non-interest bearing and are normally settled in 90 days. An aged analysis of trade payables, based on the invoice date, is as follows:

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
0 to 60 days	16,176	10,082
61 to 120 days	10,853	–
121 to 180 days	–	–
Over 180 days	186	186
	<hr/>	<hr/>
	27,215	10,268
	<hr/> <hr/>	<hr/> <hr/>

13. SHARE CAPITAL

Ordinary shares of HK\$0.2	Number of	Nominal values of ordinary shares	
	shares '000	HK\$'000	RMB'000
Authorised:			
As at 1 January 2023 (audited), as at 31 December 2023 (audited), as at 1 January 2024 (audited) and as at 30 June 2024 (unaudited)	7,500,000	1,500,000	
Issued and fully paid:			
As at 1 January 2023 (audited)	141,604	28,321	24,435
Issue of Shares (<i>note (i)</i>)	32,500	6,500	5,985
As at 31 December 2023 (audited) and 1 January 2024 (audited)	174,104	34,821	30,420
Conversion of convertible notes (<i>note (ii)</i>)	40,853	8,170	7,417
As at 30 June 2024 (unaudited)	214,957	42,991	37,837

Notes:

- (i) On 31 March 2023, the Company entered into the subscription agreement with the subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the subscriber has conditionally agreed to subscribe for 7,000,000 subscription shares at the subscription price of HK\$0.50 per subscription share. The event was completed on 19 April 2023. The net proceeds of the subscription amounted to approximately HK\$3,399,000. The Company intends to apply the net proceeds as its general working capital including but not limited to the repayment of any loan taken out by the Group which was due.

On 18 September 2023, the Company completed to issue and allot 25,500,000 subscription shares at subscription price of HK\$0.32 per share. The net proceeds of approximately HK\$8,019,000 will be intended to use as general working capital including but not limited to the repayment of any loan taken out by the Group which was due.

- (ii) On 27 February 2024, the Company completed to issue and allot 12,099,213 upon conversion of convertible notes in the principal amount of HK\$2,000,000 at the conversion price of HK\$0.1653 per share.

On 15 March 2024, the Company completed to issue and allot 9,074,410 upon conversion of convertible notes in the principal amount of HK\$1,500,000 at the conversion price of HK\$0.1653 per share.

On 11 April 2024, the Company completed to issue and allot 9,578,544 upon conversion of convertible notes in the principal amount of HK\$1,500,000 at the conversion price of HK\$0.1566 per share.

On 4 June 2024, the Company completed to issue and allot 10,101,010 upon conversion of convertible notes in the principal amount of HK\$1,500,000 at the conversion price of HK\$0.1485 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

China Kingstone Mining Holdings Limited (the “Company”), together with its subsidiaries (the “Group”), were principally engaged in production and sales of marble slags in People’s Republic of China (“PRC” or “China”). The Group owns and operates a beige marble mine in China, namely the Zhangjiaba Mine, which is located in Zhenjiang Village, Xiangshui County, Jiangyou City of Sichuan Province, China.

Marble Slag

Marble slag is produced in the course of stripping overburden at Zhangjiaba mine and by crushing the cracked marble stones. Marble slag is a raw material for the production of ground calcium carbonate (the “GCC”) which is widely used in production of many daily products, such as construction materials, paper, plastic, paints, etc. The Group sells marble slags to the GCC manufactures which are close to the Zhangjiaba mine.

China economy is showing signs of recovery amid continued efforts to boost domestic demand and tackle the property market slump. However, a number of factors, such as geopolitics, international trade frictions, and supply chain rebalancing, are still at play which may affect the pace of recovery. The Company believes that demand in marble slag has bottomed out and it would register steady growth in the year. During the six months ended 30 June 2024 (“HY2024”), revenue attributable to marble slag business was approximately RMB27.7 million, representing an increase of approximately RMB13.3 million or 91.7% as compared to approximately RMB14.4 million for the six months ended 30 June 2023 (“HY2023”). The increase was primarily due to an increase in domestic consumption demand in China. The Company believes that the weak global demand, geographic tension and losing confidence in the property market would continue to cast a shadow on the economic recovery of China. The Company will stay vigilant amid the ever-changing macro-environment.

Food Brand Business

The Group operates a food brand business for serving ready-to-cook meal kits in the United Kingdom (“UK”). The Group, at first, served the food which were prepared out of the franchised restaurant with the Group’s recipe and sold them at the food delivery platform. However, since year 2023, the Group has changed tack to serve the ready-to-cook meal kits prepared out of its own central kitchen through a click-and-mortar distribution channel. The Group has its own website on www.celeplate.co.uk to accept the UK customers to place orders online and the Group also sells the meal kits in the retailing stores and supermarkets. The Group now has its own brands of “Celeplate 好食”, “Burgogi BBQ” and “Y ā 鴨之” and rolled out five categories of meal kits (1) seafood and sashimi, (2) meat and wagyu, (3) BBQ and hotpot, (4) oven-ready Peking duck and (5) fresh meat and seafood. The Group’s sales of food increased by approximately RMB2.5 million from approximately RMB0.6 million for HY2023 to approximately RMB3.1 million for HY2024. The Group would continue to enrich the variety of foods for sales in order to build traction for the food brand business in UK.

Exploration, Development and Production Activities at the Mine

The Group commenced commercial mining production at the Zhangjiaba Mine in September 2010. The initial term of mining permit is granted for 10-year period in February 2011. The premium paid in connection with such permit covers reserves extractable for 30 years based on the approved capacity. The mining permit of Zhangjiaba Mine expired on 21 February 2021. The renewed mining permit was issued on 7 March 2022 and valid from 21 February 2021 to 21 February 2026.

The Group focuses on the development and mining at the Zhangjiaba mine during HY2024. The Zhangjiaba Mine contains 44.2 million cubic meters of measured and indicated marble resources, which represents 16.8 million cubic meter of proved and probable marble reserves based on a block rate of 38%, according to the independent competent person's report dated on 7 March 2011 (as shown in the Company's Prospectus). There was no new geological exploration activity during HY2024.

The Zhangjiaba mine mainly divided into the eastern mining zone and the western mining zone. During HY2024, the Group continued to carry out the stripping of the overburden materials at the surface for the both eastern and western zone of the deposit. The deposit in these areas was still cracked. The Group expects that further development of the mine to lower benches will be required for large block production. As the demand of marble block are weak, the Group does not intend to predict the timing of resumption of marble block production in the Zhangjiaba mine.

During HY2024, the aggregate expenditure of the mining operation of the Group was approximately RMB18.1 million (HY2023: RMB8.4 million), which mainly included subcontracting cost of stripping of approximately RMB18.0 million (HY2023: RMB8.3 million). The subcontracting cost of stripping accounted for a large proportion of cost of mining operation because the Group employed an outsourced engineering team to work on the mine areas to reduce the capital expenditure and increase the financial flexibility of the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately RMB15.8 million or 104.6% from approximately RMB15.0 million for HY2023 to approximately RMB30.8 million for HY2024. The increase was primarily 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.

Revenue by products

	Six months ended 30 June		Change
	2024 RMB'000	2023 RMB'000	
Marble slags	27,676	14,439	+91.7%
Sale of food	3,096	604	+412.6%
	<u>30,772</u>	<u>15,043</u>	<u>+104.6%</u>

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

	Six months ended 30 June		Change
	2024	2023	
Sales volume:			
Marble slags (ton)	1,064,477	555,337	+91.7%
Average selling prices:			
Marble slags (RMB per ton)	<u>26.0</u>	<u>26.0</u>	<u>–</u>

Gross Profit and Gross Profit Margin

Gross profit increased by approximately RMB4.7 million or 76.4% from approximately RMB6.2 million for HY2023 to approximately RMB10.9 million for HY2024.

Gross profit margin decreased by approximately 5.7 percentage points from approximately 41.1% for HY2023 to approximately 35.4% for HY2024. The decrease was primarily due to an increase in the cost of stripping of the marble mine.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB1.4 million from approximately RMB1.1 million for HY2023 to approximately RMB2.5 million for HY2024. The increase was primarily due to an increase in direct sales tax on sales of marble slag for HY2024.

Administrative expenses

Administrative expenses increased by approximately RMB1.1 million from approximately RMB11.5 million for HY2023 to approximately RMB12.6 million for HY2024. The increase was primarily due to an increase in legal and professional fee.

Impairment loss under expected credit loss model

Impairment loss of approximately RMB12.3 million under expected credit loss model (HY2023: RMB3.5 million) comprise impairment loss of approximately RMB1.7 million in relation to trade receivables (HY2023: RMB3.5 million) and impairment loss of approximately RMB10.5 million (HY2023: Nil) in relation to other receivables for HY2024.

(i) *Impairment loss in relation to trade receivables*

The Group made an impairment loss (net of reversed) of approximately RMB1.8 million on trade receivable for HY2024, representing a decrease by approximately RMB1.7 million, as compared to approximately RMB3.5 million for HY2023. The Company has continued to assess the repayment ability of the customers and actively communicate with them to recover the overdue receivables.

(ii) *Impairment loss in relation to other receivables*

The Group made an impairment loss of approximately RMB10.5 million on other receivables for HY2024. The impairment loss in relation to other receivable was recognised for HY2024 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 HY2024, the Group received the refund of approximately RMB5.3 million from the suppliers. In considering the current difficult economic environment, the impairment loss on other receivable for HY2024 increased by approximately RMB10.5 million primarily due to payment delays resulting in heightening the risk of default for certain suppliers.

Loss for the period

As a result of the foregoing, the Group recorded a loss of approximately RMB16.6 million for HY2024, representing an increase of approximately RMB7.6 million as compared to a loss of approximately RMB9.0 million for HY2023.

Liquidity and Capital Resources

As at 30 June 2024, the Group's total equity interests were approximately RMB139.9 million, representing a decrease of approximately RMB11.0 million or 7.3% as compared to approximately RMB150.9 million as at 31 December 2023. The decrease was mainly attributable to a loss of approximately RMB16.6 million incurred for HY2024 but offset by an increase in share capital of approximately RMB5.9 million by way of issuing the conversion shares for convertible notes.

As at 30 June 2024, the Group had cash and bank balances of approximately RMB3.8 million (31 December 2023: RMB4.7 million). Cash and bank balances were mainly denominated in Hong Kong dollars, Chinese Renminbi (“RMB”) and sterling pounds. The Group has adequate financial resources to meet the anticipated future liquidity requirement and capital expenditure commitment.

As at 30 June 2024, total borrowings of the Group of approximately RMB8.1 million (31 December 2023: RMB16.2 million) comprised other loans of approximately RMB4.1 million (31 December 2023: RMB5.1 million), convertible notes of approximately RMB3.2 million (31 December 2023: RMB9.1 million) and lease liabilities of approximately RMB0.8 million (31 December 2023: RMB1.1 million). The borrowings were unsecured and dominated in Hong Kong dollar and United States dollar. The annual interest rate of the borrowings for HY2024 ranged from 2% to 12.7% p.a. (HY2023: 2.0% to 12.7% p.a.). The borrowings of approximately RMB7.7 million were repayable within one year which was accounted for as current liabilities of the Group and the borrowings of approximately RMB0.4 million were repayable beyond one year which was accounted for as non-current liabilities of the Group. The Group does not currently use any derivatives to manage interest rate risk.

Gearing ratio, representing total borrowings divided by total equity, was approximately 0.06 (31 December 2023: 0.09).

Capital Expenditure

During HY2024, the Group’s capital expenditure amounted to approximately RMB0.4 million (HY2023: RMB0.2 million), which was primarily related to an addition of property, plant and equipment for the marble slag business.

Exposure to Fluctuations in Exchange Rates

The Group principally operates its businesses in the PRC. The Group is not exposed to significant foreign exchange risk as most of the Group’s business transactions, assets and liabilities are principally denominated in Chinese Renminbi (“RMB”), which is the functional and reporting currency of the Group, except certain administrative expenses, denominated in Hong Kong dollar and United States dollar, in the Hong Kong office. The Group did not enter into any foreign exchange contract as hedging measures.

Human Resources

As at 30 June 2024, the Group had a total of 36 employees (31 December 2023: 36). The total staff cost, including directors’ emoluments, share options benefit and pension scheme contribution, was approximately RMB3.7 million for HY2024 (HY2023: RMB3.6 million).

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

Pledge of Assets

As at 30 June 2024, the Group had no pledge of assets (31 December 2023: Nil).

Capital Commitment

As at 30 June 2024, the Group did not have any significant capital commitments (31 December 2023: Nil).

Contingent Liabilities

As at 30 June 2024, the Group had no significant contingent liabilities (31 December 2023: Nil).

Conversion of convertible notes

On 26 February 2024, the Company received a conversion notice from AOF I in respect of the exercise of the Conversion Right attached to Tranche 1 Notes in the principal amount of HK\$2,000,000 held by AOF I at the Conversion Price of HK\$0.1653 per Conversion Share, which equals to 90% of the average closing price per Share of HK\$0.1843 on the three consecutive Business Days from 23 January 2024 to 25 January 2024 as selected by AOF I during the 45 Business Days immediately preceding the relevant Conversion Date on which Shares were traded on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). As a result of this conversion, the Company allotted and issued a total of 12,099,213 Conversion Shares to AOF I on 27 February 2024.

On 14 March 2024, the Company received a conversion notice from AOF VCC in respect of the exercise of the Conversion Right attached to Tranche 1 Notes in the principal amount of HK\$1,500,000 held by AOF VCC at the Conversion Price of HK\$0.1653 per Conversion Share, which equals to 90% of the average closing price per Share of HK\$0.1837 on the three consecutive Business Days from 23 January 2024 to 25 January 2024 as selected by AOF VCC during the 45 Business Days immediately preceding the relevant Conversion Date on which Shares were traded on the Stock Exchange. As a result of this conversion, the Company allotted and issued a total of 9,074,410 Conversion Shares to AOF VCC on 15 March 2024.

On 10 April 2024, the Company received a conversion notice from AOF I in respect of the exercise of the Conversion Right attached to Tranche 1 Notes in the principal amount of HK\$1,500,000 held by AOF I at the Conversion Price of HK\$0.1566 per Conversion Share, which equals to 90% of the average closing price per Share of HK\$0.1740 on the three consecutive Business Days from 28 March 2024 to 3 April 2024 as selected by AOF I during the 45 Business Days immediately preceding the relevant Conversion Date on which Shares were traded on the Stock Exchange. As a result of this conversion, the Company allotted and issued a total of 9,578,544 Conversion Shares to AOF I on 11 April 2024.

On 3 June 2024, the Company received a conversion notice from AOF I in respect of the exercise of the Conversion Right attached to Tranche 1 Notes in the principal amount of HK\$1,500,000 held by AOF I at the Conversion Price of HK\$0.1485 per Conversion Share, which equals to 90% of the average closing price per Share of HK\$0.1650 on the three consecutive Business Days from 22 April 2024 to 24 April 2024 as selected by AOF I during the 45 Business Days immediately preceding the relevant Conversion Date on which Shares were traded on the Stock Exchange. As a result of this conversion, the Company allotted and issued a total of 10,101,010 Conversion Shares to AOF I on 4 June 2024.

PROSPECTS

China's economy keeps steady recovery and enters an era of slower growth. Many continuing challenges, including escalating geopolitical tension and weak domestic demand, were impediments to recovery. The Group will maintain a high degree of vigilance against unpredictable international developments and any sensitive external factors that may adversely affect the Group's business. The Group will continue to consolidate the production and operations and extend the customer base to make improvements in the performance of the Group's business. On the other hand, the Group will continue to explore new business opportunities so arising to maximize shareholder's value in the future.

OTHER INFORMATION

Corporate Governance

The Company has complied with the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for HY2024 except for a deviation from code provisions C.2.1, C.1.8 and F.2.2 of CG Code.

Under code provision C.2.1 of CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. During HY2024, the Board has yet to appoint chairman of the Board (the "Chairman"). On 6 June 2024, Mr. Li Yunfei, the chief executive officer of the Company (the "CEO") resigned. The independent Board members will temporarily take the role and responsibility of Chairman to ensure that the Board is effective in its take of setting and implement the Company's direction and strategy while the duties of CEO are undertaken by the executive Board members. The Board considers that there is sufficient balance of power and the current arrangement maintains a strong management position of the Company.

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

Under code provision of F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting (the "AGM"). 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 HY2024, Ms. Zhang Cuiwei, Mr. Andreas Varianos, Ms. Zu Rui and Mr. Zhang Mian attended the AGM of the Company and other members of the Board were unable to attend AGM due to other business commitments. The Board was aware of this non-compliance and will continue to bring the importance of attending AGMs to the attention to each committee's chairman and its members.

Save for the deviation from the code provisions C.2.1, C.1.8 and F.2.2 of the CG Code, in the opinion of the Directors, the Company has complied with all code provisions as set out in the CG Code throughout HY2024.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding directors’ securities transactions by the Directors. The Company confirms that, having made specific enquiries with all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code and its own code of conduct regarding directors’ securities transactions throughout HY2024.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Board comprised three independent non-executive Directors, namely Mr. Andreas Varianos, Ms. Zu Rui and Mr. Yang Ruimin. The audit committee members have reviewed the unaudited interim results of the Group for HY2024 and has recommended their adoption to the Board.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2024.

PUBLICATION OF THE INTERIM RESULTS AND 2024 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the HKExnews website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company’s website (<http://www.kingstonemining.com>), and the 2024 Interim Report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 28 August 2024

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