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**KINGSTONE**  
金石礦業

**CHINA KINGSTONE MINING HOLDINGS LIMITED**

**中國金石礦業控股有限公司**

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

**(Stock Code: 1380)**

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

**Financial Adviser to the Company**



**Placing Agent  
to the Rights Issue**



## **PROPOSED RIGHTS ISSUE**

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

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

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, all transfer documents of the Shares (together with the relevant share certificate(s)) must be lodged for registration with the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Wednesday, 15 January 2025.

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

## **THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT**

The Company will make arrangements to dispose of the Unsubscribed Rights Shares, comprising the Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the paragraph headed "PROPOSED RIGHTS ISSUE – Arrangements for the NQS Rights Shares" in this announcement, by offering the Unsubscribed Rights Shares to independent placees for the benefit of the relevant No Action Shareholders and Non-Qualifying Shareholders. After the trading hours of the Stock Exchange on 27 December 2024, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price. The final price will be determined based on the demand for the Unsubscribed Rights Shares and market conditions at the time of placement.

## **LISTING RULES IMPLICATIONS**

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

Save as described in the paragraph headed “FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS” in this announcement, the Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

## **CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY**

The register of members of the Company will be closed from Thursday, 16 January 2025 to Wednesday, 22 January 2025 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

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

As at the date of this announcement, there are 9,912,287 outstanding Share Options granted by the Company, which are exercisable into 9,912,287 Shares. Pursuant to the terms of the Share Option Schemes, the subscription prices on the exercise of the Share Options and/or number of Shares related to the Share Options under the Share Option Schemes may be adjusted in accordance with the Share Option Schemes upon the Rights Issue becoming unconditional.

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

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

## **GENERAL**

The Prospectus Documents containing information on the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Thursday, 23 January 2025. The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL to them.

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

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

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

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

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

## PROPOSED RIGHTS ISSUE

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

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

Further details of the Rights Issue are set out below:

### **Rights Issue statistics**

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

Total number of Shares in issue upon completion of the Rights Issue:	Up to 356,940,241 (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue); or
	Up to 370,817,442 (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares and the full exercise of the Vested Share Options) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue:	Up to approximately HK\$20.4 million before deduction of the costs and expenses which the Company will incur in the Rights Issue (assuming no change in the number of Shares in issue on or before the Record Date, if fully subscribed); or
	Up to approximately HK\$21.2 million before deduction of the costs and expenses which the Company will incur in the Rights Issue (assuming no change in the number of Shares in issue on or before the Record Date other than the exercise in full of the Vested Share Options, if fully subscribed)

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

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

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

## **Non-underwritten basis**

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

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

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

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

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

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

## **Undertakings**

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

## **Qualifying Shareholders and Non-Qualifying Shareholders**

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

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

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

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

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

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



## **Rights of the Overseas Shareholders (if any)**

If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. The Prospectus Documents to be despatched in connection with the Rights Issue will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

As at the date of this announcement, there are two Overseas Shareholders, with registered addresses situated in the PRC, holding an aggregate of 2,202,183 Shares representing approximately 0.86% of the issued share capital of the Company. The Board notes the requirements specified in Rule 13.36(2)(a) of the Listing Rules and will continue to ascertain whether there are any Overseas Shareholders at the Record Date and will make enquiries in the relevant jurisdictions as to the feasibility of extending the Rights Issue to the Overseas Shareholders, if any. If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to the relevant Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, such Overseas Shareholders will become Non-Qualifying Shareholders and the Rights Issue will not be extended to them. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL to them.

## **Arrangements for the NQS Rights Shares**

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

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

## **Closure of register of members of the Company**

The register of members of the Company will be closed from Thursday, 16 January 2025 to Wednesday, 22 January 2025 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

## **Basis of provisional allotments**

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

## **Subscription Price**

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

- (i) a premium of approximately 16.28% to the closing price of HK\$0.172 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 19.62% to the average closing price of approximately HK\$0.167 per Share for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a premium of approximately 24.22% to the average closing price of approximately HK\$0.161 per Share for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a premium of approximately 11.11% to the theoretical ex-rights price of approximately HK\$0.180 per Share, based on the closing price of HK\$0.172 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 68.12% to the latest audited consolidated net asset value per Share as at 31 December 2023 of approximately HK\$0.627 calculated based on the audited consolidated net assets of the Group attributable to the Shareholders of approximately RMB150,901,000 (approximately HK\$159,955,060) as at 31 December 2023 as set out in the Company's annual report 2023 and 254,957,315 Shares in issue as at the date of this announcement;
- (vi) a discount of approximately 65.60% to the latest unaudited consolidated net asset value per Share as at 30 June 2024 of approximately HK\$0.581 calculated based on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately RMB139,852,000 (approximately HK\$148,243,120) as at 30 June 2024 as set out in the Company's interim report 2024 and 254,957,315 Shares in issue as at the date of this announcement; and

- (vii) there is no theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) as there is a premium of approximately 4.65%, represented by the theoretical diluted price of approximately HK\$0.180 per Share to the benchmarked price (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.172 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of this announcement of approximately HK\$0.168 per Share) of approximately HK\$0.172 per Share.

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

The Subscription Price was determined by the Company with reference to, among others, (i) the recent closing prices of the Shares; (ii) prevailing market conditions and financial position of the Group; (iii) the amount of funds the Company intends to raise under the Rights Issue; and (iv) the reasons as discussed in the paragraph headed “REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS” below in this announcement.

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

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

### **Status of Rights Shares**

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

### **Stamp duty and other applicable fees and charges**

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

## **Share certificates and refund cheques for the Rights Issue**

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

## **Odd lot arrangements**

In order to facilitate the trading of odd lots (if any) of the Shares, a designated broker will be appointed to stand in the market to match the purchase and sale of odd lots of the Shares at the relevant market price, on a best effort basis. Shareholders should note that matching of the sale and purchase of odd lots of the Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangement is recommended to consult his/her/its own professional advisers. Further details in respect of the odd lots trading arrangement will be set out in the Prospectus.

## **Fractions of Rights Shares**

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

## **Taxation**

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

## **Application for listing**

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lots of 10,000 Rights Shares. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in on any stock exchange other than the Stock Exchange.

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

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

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

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

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

## THE PLACING AGREEMENT

On 27 December 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure independent placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. If all the Rights Shares are already fully taken up in the Rights Issue through the PAL(s), the Placing will not proceed. Further details of the Placing Agreement are set out below:

Date: 27 December 2024 (after trading hours)

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

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

Placing commission: The commission payable to the Placing Agent shall be 2.25% of the actual gross proceeds from the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares actually procured by the Placing Agent. Notwithstanding this, the Placing Agent shall be entitled to payment by the Company of a placing commission of at least HK\$300,000 (“**Minimum Amount**”) irrespective of the actual number of Unsubscribed Rights Shares successfully placed by the Placing Agent as long as the Rights Issue proceeds. In the event the actual amount of the placing commission based on the actual number of the Unsubscribed Rights Shares successfully placed by the Placing Agent falls short of the Minimum Amount, the Placing Agent will still be entitled to payment of the Minimum Amount and may deduct the Minimum Amount from the payment to be made by it to the Company after completion of the Placing.

The Company shall be responsible for all costs and expenses reasonably incurred in connection with or arising out of the Placing.

Placing price of the Unsubscribed Rights Shares:	<p>The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price.</p> <p>The final price will be determined based on the demand and market conditions of the Unsubscribed Rights Shares during the process of placement.</p>
Placees:	<p>The Placing Agent undertakes to procure that the Unsubscribed Rights Shares shall only be placed to individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and are not acting in concert with any of the connected persons of the Company and their respective associates.</p> <p>The Placing Agent undertakes (i) to make all reasonable enquiries to ensure that the Placee(s) and their respective ultimate beneficial owners (if applicable) will be Independent Third Parties; and (ii) that it will ensure the Placing will not, upon its completion, result in the Company being unable to comply with the Public Float Requirement.</p>
Ranking of Unsubscribed Rights Shares:	<p>The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank <i>pari passu</i> in all respects among themselves and with the Shares then in issue.</p>
Placing conditions:	<p>The Placing is subject to and conditional upon (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares; (ii) the Rights Issue having become unconditional; (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; (iv) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and (v) the Placing Agreement not having been terminated in accordance with the provisions thereof.</p> <p>The Placing Agent may at its absolute discretion waive condition (iii) above. All of the other conditions are non-waivable.</p>

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

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

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

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



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

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

### **Conditions of the Rights Issue**

The completion of the Rights Issue is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the first day of their dealings;
- (ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance not later than the Posting Date;
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Posting Date;
- (iv) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil paid and fully-paid forms, respectively) and no notification having been received by the Company from the HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused; and
- (v) the Placing Agreement not being terminated pursuant to the terms thereof and remains in full force and effect before completion of the Placing.

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

## EXPECTED TIMETABLE OF THE RIGHTS ISSUE

Set out below is the expected timetable for the Rights Issue, which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled or otherwise waived:

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

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

All times and dates in this announcement refer to Hong Kong local times and dates. The dates or deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by the Company in agreement with the Placing Agent in accordance with the Listing Rules. The Company will make an announcement to notify the Shareholders and the Stock Exchange in the event of any changes to the expected timetable as and when appropriate.

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

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

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

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

## EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

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

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

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

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

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

	As at		Upon full exercise of the		Immediately after completion		Immediately after completion	
	the date of this announcement		Vested Share Options on or		of the Rights Issue assuming		of the Rights Issue assuming	
	<i>No. of Shares</i>	<i>Approximate percentage (%) (Note 1)</i>	<i>No. of Shares</i>	<i>Approximate percentage (%) (Note 1)</i>	<i>No. of Shares</i>	<i>Approximate percentage (%) (Note 1)</i>	<i>No. of Shares</i>	<i>Approximate percentage (%) (Note 1)</i>
Mr. Zhang Mian (Note 2)	–	–	1,416,041	0.53	1,982,457	0.53	1,416,041	0.38
AOFI	26,000,000	10.20	26,000,000	9.82	36,400,000	9.82	26,000,000	7.01
Public Shareholders	228,957,315	89.80	228,957,315	86.44	320,540,241	86.44	228,957,315	61.75
Independent placees	–	–	–	–	–	–	105,947,840	28.57
Other holders of Vested Share Options	–	–	8,496,246	3.21	11,894,744	3.21	8,496,246	2.29
<b>Total</b>	<b>254,957,315</b>	<b>100.00</b>	<b>264,869,602</b>	<b>100.00</b>	<b>370,817,442</b>	<b>100.00</b>	<b>370,817,442</b>	<b>100.00</b>

*Notes:*

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

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

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

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

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

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

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

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

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

If the Rights Issue is undersubscribed and the size of the Rights Issue is reduced, the net proceeds are expected to be utilised with proportional reductions in the same usage scenarios as above.

Apart from the Rights Issue, the Directors have considered other debt or equity fundraising alternatives such as bank borrowings, placing or subscription of new Shares or an open offer. In respect of bank borrowings, the Directors note that bank borrowings, if available, carry high interest costs and create pressure to the liquidity of the Company; furthermore, the Directors are of the view that the Group does not have material fixed assets which may be satisfactory to the banks to be served as collaterals. Given that interest rates remain at a relatively high level for the time being, debt financing for companies like ours may not be achievable on favourable terms in a timely manner or may require pledge of other kinds of assets or securities which may reduce the Group’s flexibility under the current market condition. In respect of equity financing, the Directors are of the view that placing or subscription of new Shares will dilute the shareholding of existing Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group.

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

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activity in the past twelve months immediately preceding the date of this announcement:

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



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

## **LISTING RULES IMPLICATIONS**

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

Save as described in the paragraph headed "FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS" in this announcement, the Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

## **GENERAL**

The Prospectus Documents containing information on the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Thursday, 23 January 2025. The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send the Prospectus to the Non-Qualifying Shareholders for information purposes only but will not send any PAL to them.

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

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

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

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

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

## **DEFINITIONS**

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

“2011 Share Option Scheme”	share option scheme adopted by the Company on 24 January 2011
“2020 Share Option Scheme”	share option scheme adopted by the Company on 29 June 2020
“acting in concert”	has the same meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the same meaning ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	China Kingstone Mining Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, and the shares of which are listed on the Stock Exchange (Stock Code: 1380)
“Compensatory Arrangements”	the arrangement involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are third party(ies) independent of the Company and its connected person(s) in accordance with the Listing Rules
“Last Trading Day”	Friday, 27 December 2024, being the last trading day of the Shares on the Stock Exchange immediately before the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 11 February 2025, or such other time as the Company may determine, being the latest time and date for payment for and acceptance of the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Wednesday, 19 February 2025, or such later time or date as may be agreed by the Company and the Placing Agent in writing, being the latest time for termination of the Placing Agreement

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

“Placing”	the placing of up to 101,982,926 Unsubscribed Rights Shares (assuming no Shares are issued or bought back by the Company on or after the date of the Placing Agreement and on or before the Record Date) and up to 105,947,840 Unsubscribed Rights Shares (assuming no Shares are issued or bought back by the Company on or after the date of the Placing Agreement and on or before the Record Date other than the full exercise of the Vested Share Options) by the Placing Agent and/or its sub-placing agents(s) to the independent placees on the terms and conditions of the Placing Agreement
“Placing Agent”	KGI Asia Limited, a licensed corporation carrying out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, being the placing agent appointed by the Company pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement dated 27 December 2024 entered into between the Company and the Placing Agent in relation to the Placing
“Posting Date”	Thursday, 23 January 2025, or such other date as the Company may determine, being the date of despatch of the Prospectus Documents
“PRC”	the People’s Republic of China, for the purpose of this announcement, not including Hong Kong, the Macau Special Administrative Region of the PRC, and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Public Float Requirement”	the public float requirement under Rule 8.08(1)(a) of the Listing Rules which requires, inter alia, at least 25% of the issuer’s total number of issued shares must at all times be held by the public
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Wednesday, 22 January 2025, or such other date as the Company may determine, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined

“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue of Rights Shares by way of rights issue on the basis of two (2) Rights Shares for every five (5) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price
“Rights Share(s)”	the new Share(s) to be allotted and issued in respect of the Rights Issue
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the ordinary share(s) of par value of HK\$0.20 each in the capital of the Company
“Share Option”	the option(s) to subscribe for new Shares granted under the 2011 Share Option Scheme and/or 2020 Share Option Scheme
“Share Option Schemes”	the 2011 Share Option Scheme and the 2020 Share Option Scheme
“Shareholder(s)”	the holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.20 per Right Share
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs, as amended, supplemented or otherwise modified from time to time
“Unsubscribed Rights Share(s)”	those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the paragraph headed “PROPOSED RIGHTS ISSUE – Arrangements for the NQS Rights Shares” in this announcement

“Vested Share Options” outstanding and vested Share Options granted to subscribe for 9,912,287 Shares pursuant to the Share Option Schemes that are exercisable on or before the Record Date

“%” per cent.

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

Hong Kong, 27 December 2024

*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. Yang, Ruimin, Mr. Andreas Varianos and Ms. Zu, Rui as independent non-executive Directors.*