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**CHINA KINGSTONE MINING HOLDINGS LIMITED**  
**中國金石礦業控股有限公司**

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

**(Stock Code: 1380)**

**PROPOSED ISSUE OF NEW SHARES UNDER GENERAL MANDATE**

The Board is pleased to announce that, on 7 September 2023 (after trading hours), the Company entered into three Subscription Agreements with each of the Subscribers, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, an aggregate of 25,500,000 Subscription Shares at the Subscription Price of HK\$0.32 per Subscription Share.

Completion of the Subscription under each of the Subscription Agreements is not inter-conditional with each other.

The Subscription Shares represent (i) approximately 17.16% of the issued share capital of the Company as at the date of this announcement and (ii) approximately 14.65% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there is no change in the issued share capital of the Company between the date of this announcement and the Closing Date save for the allotment and issue of the Subscription Shares).

The Subscription Price of HK\$0.32 per Subscription Share represents: (i) a discount of approximately 15.79% over the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on 7 September 2023, being the date of the Subscription Agreements; and (ii) the same as the average closing price of HK\$0.32 per Share as quoted on the Stock Exchange for the last five consecutive Trading Days up to and including the Last Trading Day.

The Subscription Shares will be allotted and issued under the General Mandate. The gross proceeds of the Subscription are expected to be HK\$8,160,000. After deducting the related expenses, the net proceeds of the Subscription will amount to approximately HK\$7,945,000. The net Subscription Price, after deduction of all related expenses, is estimated to be approximately HK\$0.312 per Subscription Share. The Company intends to apply the net proceeds from the Subscription in the manner set out in the paragraph headed “Reasons for and benefits of the issue of the Subscription Shares” in this announcement.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

**Shareholders and potential investors should note that Closing of the Subscription is subject to fulfilment of the conditions under the Subscription Agreements. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## THE SUBSCRIPTION AGREEMENTS

The Board is pleased to announce that on 7 September 2023 (after trading hours), the Company entered into three Subscription Agreements with each of the Subscribers.

Save for the number of Subscription Shares to be subscribed for and the identity of the Subscribers, the terms and conditions the Subscription Agreements are identical in all respects. The principal terms of the Subscription Agreements are set out as follows:

### Date

7 September 2023 (after trading hours)

### Parties

- (1) the Company; and
- (2) the relevant Subscriber.

### Subscription

Pursuant to the Subscription Agreements, the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, an aggregate of 25,500,000 Subscription Shares at the Subscription Price of HK\$0.32 per Subscription Share to be paid by cash on the completion date of the Subscription Agreements, the breakdown of which is as follows:

<b>Subscriber</b>	<b>Number of Subscription Shares</b>	<b>Total subscription price payable (HK\$)</b>
Subscriber A	8,500,000	2,720,000
Subscriber B	8,500,000	2,720,000
Subscriber C	8,500,000	2,720,000
Total	<u>25,500,000</u>	<u>8,160,000</u>

## **Subscription Shares**

The number of 25,500,000 Subscription Shares represents (i) approximately 17.16% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 14.65% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there is no change in the issued share capital of the Company between the date of this announcement and the Closing Date save for the allotment and issue of the Subscription Shares).

## **Subscription Price**

The Subscription Price of HK\$0.32 per Subscription Share represents:

- (1) a discount of approximately 15.79% to the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on 7 September 2023, being the date of the Subscription Agreements; and
- (2) the same as the average closing price of HK\$0.32 per Share for the last five consecutive Trading Days up to and including the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the respective Subscriber after considering, among other things, the Company's past performance, the then prevailing market price of the Shares and the future prospects of the Company.

On the fifth Business Day following the satisfaction of the Conditions Precedent, or such date as the Company and the relevant Subscriber may agree in writing, the relevant Subscriber shall make full payment of the Subscription Price by way of wire transfer of immediately available funds to the Company.

## **Ranking**

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all other Shares in issue at the time of allotment and issue of the Subscription Shares.

## **Conditions Precedent**

The obligations of the relevant Subscriber to subscribe and pay for, and the obligations of the Company to issue, the relevant Subscription Shares are subject to the fulfilment of the following Conditions Precedent:

- (1) the Listing Committee of the Stock Exchange having granted or granting approval (irrespective of any conditions) for the listing of, and permission to deal in, the relevant Subscription Shares and such approval has not been revoked and shall remain in full force prior to Closing;
- (2) the Closing would not cause any person to be obliged to make a mandatory offer pursuant to the Takeovers Code;

- (3) the current listing of the Shares not having been cancelled or withdrawn, the Shares continue to be traded on the Main Board of the Stock Exchange and neither the Stock Exchange nor the SFC has indicated that either one of them shall/may object to or shall/may cancel such listing for reasons related to or arising from any of the transactions contemplated under the relevant Subscription Agreement prior to the date of the Closing; and
- (4) there being no, or no prospective issue, promulgation or enforcement of laws, regulations, rules, orders or notices by government authority which would restrict or prohibit the Closing or which may reasonably have a substantial adverse impact on the relevant business operations of the members of the Group after the Closing.

As at the date of this announcement, none of the conditions set forth above has been fulfilled.

The Company will not allot and issue the Subscription Shares to the relevant Subscriber until payment by the relevant Subscriber, and the receipt by the Company of, the subscription price corresponding to the relevant Subscription Shares in full.

### **Closing**

Closing is subject to the satisfaction of the Conditions Precedent on or before 7 December 2023, or such other date as the Company and the relevant Subscriber may agree.

If the above conditions precedent are not fulfilled on or before 7 December 2023, or such other date as the Company and the relevant Subscriber may agree, the relevant Subscription Agreement will immediately and automatically terminate. The Company and the relevant Subscriber will be released from all obligations thereunder, save for any antecedent obligations or liabilities accrued prior to such termination and any obligations which shall survive such termination.

Closing of the Subscription under each of the Subscription Agreements is not inter-conditional with each other.

### **GENERAL MANDATE**

The Subscription Shares will be allotted and issued under the General Mandate. The General Mandate entitles the Directors to allot and issue Shares not exceeding 20% of the total number of the issued Shares as at the date of the AGM. As at the date of the AGM, there were 148,604,138 Shares in issue and the Company is allowed under the General Mandate to issue, allot and deal with up to a maximum of 29,720,827 Shares. The Subscription will utilise approximately 85.80% of the General Mandate.

Since the date of the AGM and up to and including the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares and the allotment and issue of the Subscription Shares will not be subject to the Shareholders' approval.

## **APPLICATION FOR LISTING**

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

## **INFORMATION ON THE SUBSCRIBERS**

All of the Subscribers are citizens of the PRC.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Subscribers is a third party independent of the Company and its connected persons; and the Subscribers are not connected with each other.

## **REASONS FOR AND BENEFITS OF THE ISSUE OF THE SUBSCRIPTION SHARES**

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

The gross proceeds from the Subscription are expected to be HK\$8,160,000. The Company estimates it will incur total costs of approximately HK\$215,000 in respect of the Subscription. After deducting the related expenses (including but not limited to legal expenses), the net proceeds of the Subscription will amount to approximately HK\$7,945,000. The net Subscription Price, after deducting the related expenses, is estimated to be approximately HK\$0.312 per Subscription Share. The Company intends to apply the net proceeds of the Subscription as its general working capital including but not limited to the repayment of the interest-bearing loan of the Group.

The Directors believe that the completion of the Subscription will provide a good opportunity to raise surplus capital for the Company while strengthening the financial position of the Company. Further, the Directors believe that the Subscription will allow the Company to receive additional funds at a reasonable cost to support the Group's existing operations and further development of its existing and potential business and investment opportunities.

Having considered the above, the Board is of the view that (i) the Subscription Agreements are entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscribers; (ii) the terms of the Subscription Agreements are on normal commercial terms and are fair and reasonable; and (iii) the Subscription is in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, other than the entering into of the Subscription Agreements, the Company has not entered into, or contemplated entering into, any other arrangements, agreements or understandings (whether formal or informal and whether express or implied) with any of the Subscribers. However, the proceeds from the Subscription may not satisfy the upcoming financial needs of the Company in full if there is any change of the Company's current circumstances or business plan. Therefore, the Board does not rule out the possibility that the Company will conduct further debt or equity fund raising exercises when suitable fund raising opportunities. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

## 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:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this Circular
31 March 2023 and 9 April 2023	Issue of new Shares under general mandate.	The gross proceeds and net proceeds from the issuance of the new Shares amounted to HK\$3.5 million and HK\$3.38 million, respectively.	The net proceeds from the issue of the new Shares was intended to be used as the Group's general working capital including but not limited to the repayment of any loan taken out by the Group which was due.	All of the net proceeds were applied towards the Group's general working capital.

## EFFECT ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 148,604,138 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Closing (assuming that there will be no further changes in the issued share capital of the Company from the date of this announcement and up to the Closing Date save for the allotment and issue of the Subscription Shares):

Name of Shareholders	Immediately before issuance of the Subscription Shares		Immediately upon issuance of the Subscription Shares	
	No. of Shares	Approximate percentage (%) (Note 2)	No. of Shares	Approximate percentage (%) (Note 2)
Zheng Yonghui (Note 1)	28,235,877	19.00	28,235,877	16.22
Subscriber A	–	–	8,500,000	4.88
Subscriber B	–	–	8,500,000	4.88
Subscriber C	–	–	8,500,000	4.88
Other public Shareholders (excluding the Subscribers)	120,368,261	81.00	120,368,261	69.14
<b>Total</b>	<b>148,604,138</b>	<b>100.00</b>	<b>174,104,138</b>	<b>100.00</b>

Notes:

- These Shares included the 14,399,877 Shares held by Oasis Tycoon Investments Limited, which is directly wholly-owned by Mr. Zheng Yonghui.
- 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%.

**Shareholders and potential investors should note that Closing of the Subscription is subject to fulfillment of the conditions under the Subscription Agreements. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“AGM”	the annual general meeting of the Company held on 19 May 2023
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday, a public holiday in Hong Kong and any day on which a tropical cyclone warning no. 8 or above is hoisted or on which a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“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)
“Closing”	completion of the Subscription pursuant to the terms and conditions of the Subscription Agreements
“Closing Date”	the date on which Closing takes place
“Conditions Precedent”	the conditions precedent to the Closing, as more particularly set out under the paragraph headed “The Subscription Agreements – Conditions precedent”
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to issue, allot and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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”	6 September 2023, being the last Trading Day immediately prior to the entering into of the Subscription Agreements
“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
“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
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	the ordinary share(s) of par value of HK\$0.20 each in the capital of the Company
“Shareholder(s)”	the holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Cao Jun (曹俊)
“Subscriber B”	Yang Fangqi (楊芳棋)
“Subscriber C”	Yang Bingbing (楊兵兵)
“Subscription”	the subscription of the Subscription Shares by the Subscribers at the Subscription Price pursuant to the Subscription Agreements
“Subscription Agreements”	the subscription agreements dated 7 September 2023 entered into between the Company and each of the Subscribers in relation to the Subscription



“Subscription Price”	the subscription price of HK\$0.32 per Subscription Share
“Subscription Shares”	an aggregate of 25,500,000 new Shares to be allotted and issued by the Company to the Subscribers pursuant to the terms and conditions of the Subscription Agreements
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Trading Day(s)”	the day(s) on which the Stock Exchange is open for business
“%”	per cent.

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

Hong Kong, 7 September 2023

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