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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)

**ISSUE OF SHARES UNDER GENERAL MANDATE
FOR SETTLEMENT WITH AOF I**

Reference is made to the circular of China Kingstone Mining Holdings Limited (the “**Company**”) dated 27 November 2023, the announcements of the Company dated 28 December 2023 and 29 October 2024 (together, the “**Announcements**”). Capitalized terms used in this announcement shall have the same meanings as those defined in the Circular and the Announcements unless otherwise stated herein.

This announcement is made by the Board pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

SETTLEMENT

The Board hereby announces that, on 11 November 2024 (after trading hours), the Company and AOF I have reached a full and final settlement of the Dispute (the “**Settlement**”), pursuant to which the Company as the issuer has conditionally agreed to allot and issue, and AOF I as the subscriber has conditionally agreed to subscribe for, an aggregate of 40,000,000 new Shares (the “**Settlement Share(s)**”) at the subscription price of HK\$0.20 per Settlement Share (the “**Subscription Price**”) as further described below.

Settlement Shares

Subject to the fulfilment of the condition set out below, AOF I shall subscribe for an aggregate of 40,000,000 Settlement Shares (the “**Subscription**”).

As at the date of this announcement, the Company had 214,957,315 Shares in issue. Assuming that there is no change in the issued share capital of the Company between the date of this announcement and the date on which issue of the Settlement Shares takes place, save for the allotment and issue of the Settlement Shares, the 40,000,000 Settlement Shares represent:

- (1) approximately 18.61% of the issued share capital of the Company as at the date of this announcement; and
- (2) approximately 15.69% of the issued share capital of the Company as enlarged by the allotment and issue of the Settlement Shares.

Subscription Price

The Subscription Price of HK\$0.20 per Settlement Share represents:

- (1) a premium of approximately 72.41% to the closing price of HK\$0.116 per Share as quoted on the Stock Exchange on 11 November 2024, being the date the Company and AOF I reached a full and final settlement of the Dispute; and
- (2) a premium of approximately 49.03% to the average closing price of HK\$0.1342 per Share as quoted on the Stock Exchange in the last five consecutive trading days immediately prior to the date of the Settlement.

The Subscription Price was determined after arm’s length negotiations between the Company and AOF I after considering, among other things, the market condition, the prevailing market price, the par value of the Shares and the total amount owed by the Company to AOF I pursuant to the notice of default the Company received from the counsel of AOF I on 29 October 2024 (the “**Default Notice**”).

The aggregate nominal value of the Settlement Shares will be HK\$8,000,000.

Condition Precedent

Closing of the Subscription (the “**Closing**”) is conditional upon (the “**Condition Precedent**”) the Listing Committee having granted or granting approval (irrespective of any conditions) for the listing of, and permission to deal in, the Settlement Shares and such approval has not been revoked and remain in full force prior to Closing.

As at the date of this announcement, the Condition Precedent has not been fulfilled.

Closing

Closing is to take place within one Business Day immediately following the fulfillment of the Condition Precedent.

Ranking

The Settlement Shares, when issued, 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 Settlement Shares.

General Mandate

The Settlement Shares will be allotted and issued under the mandate (the “**General Mandate**”) granted to the Directors by the Shareholders at the annual general meeting of the Company held on 31 May 2024 (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.

As at the date of the AGM, there were 204,856,305 Shares in issue and the Company is allowed under the General Mandate to issue, allot and deal with up to a maximum of 40,971,261 Shares. The Subscription will utilize approximately 97.63% 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 Settlement Shares and the allotment and issue of the Settlement 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 Settlement Shares.

INFORMATION ON AOF I

AOF I is an open-ended fund incorporated as an exempted company with limited liability in the Cayman Islands in 2016. AOF I is structured as a regulated mutual fund for the purposes of the mutual funds law of the Cayman Islands and is registered with the Cayman Islands Monetary Authority. As AOF I is a collective investment scheme which offers its participating shares to accredited investors in Singapore, AOF I is registered as a restricted foreign scheme with the Monetary Authority of Singapore (“**MAS**”). The management share(s) of AOF I is solely held by Mr. Tan Choon Wee.

As a restricted foreign scheme registered with MAS, the laws of Singapore requires the investment funds of AOF I to be fully managed by a fund manager licensed and regulated by MAS. AOF I has appointed ZICO Asset Management Pte. Ltd. to serve as the discretionary investment manager of all its investments.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, AOF I and its ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE ISSUE OF THE SETTLEMENT SHARES

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

On 4 October 2024, the Company received a conversion notice from AOF I in respect of the exercise of the Conversion Right attached to Tranche 1 Notes in the principal amount of HK\$1,250,000 held by AOF I at the Conversion Price of HK\$0.0729 per Conversion Share (the “**Conversion Notice**”), which equaled to 90% of the average closing price of HK\$0.081 on the three consecutive Business Days from 19 September 2024 to 23 September 2024 as selected by AOF I during the 45 Business Days immediately preceding the relevant Conversion Date on which Shares were traded on the Stock Exchange, and the Company would have to allot and issue a total of 17,146,776 Conversion Shares to AOF I on or before 9 October 2024 pursuant to the Conversion Notice.

On 29 October 2024, the Company received the Default Notice from the counsel of AOF I, pursuant to which AOF I declared that the failure to deliver the required Conversion Shares on or before 9 October 2024 pursuant to the Conversion Notice constituted an event of default under the Amended and Restated Subscription Agreement (the “**Event of Default**”), and declared the following sum to be immediately due and payable:

- (1) the Company is to redeem the outstanding Convertible Notes of HK\$2,250,000 at 118% of its principal amount, amounting to HK\$2,655,000 and all outstanding accrued interest due and owing as at 28 October 2024 of HK\$21,243.17;
- (2) the sum of HK\$5,893,346.91 as a result of AOF I’s loss of income as AOF I did not receive the required Conversion Shares on or before 9 October 2024 and did not have the opportunity to trade the required Conversion Shares on 24 October 2024 when the Company experienced abnormal volumes and price activity with trading volumes surging resulting in the volume-weighted average price for the trading day on 24 October 2024 to be HK\$0.4116; and
- (3) default interest which shall accrue at the rate of 3.0% per month to be calculated on a daily basis up to and including the date on which AOF I receives full payment of the Default Redemption Sum and the relevant accrued Default Interest.

As of the date of this announcement, the total amount owed by the Company to AOF I pursuant to the Default Notice was approximately HK\$8.57 million.

At the relevant time, the Company did not deliver to AOF I the required Conversion Shares because the Company wanted to redeem all of the then outstanding Convertible Notes pursuant to the terms and conditions of the Amended and Restated Subscription Agreement, and was engaged in protracted negotiations with AOF I in relation to the delivery of the required Conversion Shares and early redemption of the Convertible Notes.

Subject to the Condition Precedent being fulfilled, the gross proceeds and the net proceeds (after deducting related professional fees and all related expenses for the Subscription) of the Subscription will amount to HK\$8 million and approximately HK\$7.8 million, respectively. On such basis, the net issue price will be HK\$0.195 per Settlement Share.

As of the date of this announcement, the Group is unable to settle the total amount due to AOF I pursuant to the Default Notice by cash in view of the current cash and bank balances of the Group and the expected cash flow income for the coming months. Accordingly, the Company and AOF I have agreed that the allotment and issue of the Settlement Shares by the Company to AOF I will be made in full and final settlement of all and/or any actions, claims, rights, demands and set-offs whatever and wherever that AOF I had or may have had against the Company arising out of or connected with the Amended and Restated Subscription Agreement prior to the Settlement. Further, the Company and the Subscribers have agreed that, upon allotment and issue of the Settlement Shares, the Amended and Restated Subscription Agreement shall be terminated in lieu of notice and the rights and obligations of the Company and the Subscribers thereunder shall lapse and be of no further effect.

The terms and conditions of the Settlement have been determined after arm's length negotiations between the Company and AOF I. Taking into account the terms of the Settlement, the current cash and bank balances of the Group, and the potential time, costs and expenses to be incurred by the Company in pursuing the Dispute through arbitration in Singapore, the Board is of the view that the Settlement would not result in any significant cash outflow of the Company and would reduce the indebtedness of the Group and are of the view that (i) the Settlement is entered into upon normal commercial terms following arm's length negotiations between the Company and AOF I; (ii) the terms of the Settlement are on normal commercial terms and are fair and reasonable; and (iii) the Settlement is in the interests of the Company and the Shareholders as a whole.

The Board does not expect the Settlement to have any significant impact on the business operations and financial position of the Group in any material aspects.

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 announcement
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.	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.

EFFECT ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 214,957,315 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 Closing save for the allotment and issue of the Settlement Shares):

Name of Shareholders	Immediately before issuance of the Settlement Shares		Immediately upon issuance of the Settlement Shares	
	No. of Shares	Approximate percentage (%) (Note 1)	No. of Shares	Approximate percentage (%) (Note 1)
AOF I	–	–	40,000,000	15.69
Other Shareholders (excluding AOF I)	214,957,315	100.00	214,957,315	84.31
Total	214,957,315	100.00	254,957,315	100.00

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%.

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

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

Hong Kong, 11 November 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.