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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)

SUPPLEMENTAL ANNOUNCEMENT REGARDING ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

Reference is made to the annual results announcement of the Company for the year ended 31 December 2017 published on 20 March 2018 (the “**Annual Results Announcement**”). Definitions and terms used in this announcement shall bear the same meanings as defined in the Annual Results Announcement unless the context otherwise requires.

NOTES TO FINANCIAL STATEMENT

The Company wishes to inform its shareholders that, due to clerical error, the date on which the Consent Order was entered into between the Company and Royal Moon as shown in note 13(a) to the financial statements disclosed in the Annual Results Announcement was misstated. It should be 29 September 2017 instead of 29 December 2017.

USE OF PROCEEDS FROM FUND RAISING ACTIVITIES

As disclosed in the Annual Results Announcement, the Company completed a fund raising activity by way of rights issue and approximately HK\$191.7 million out of the net proceeds of approximately HK\$276.5 million raised from the rights issues are intended to be used for the Group’s calcium carbonate business.

However, as the joint venture partner of the Company (the “**JV Partner**”), a ground calcium carbonate manufacturer, is still in the course of obtaining the approval of land use right for the production site in Jiangyou City, the PRC, the original timetable for establishment of the production plant as disclosed in the Company’s circular dated 9 June 2017 cannot be materialized. To the knowledge of the Company, the approval of the land use right for the production site was under processing but has yet to be obtained by the JV partner. According to the JV Partner’s explanation, the People’s Government of Jiangyou City had assigned most of its allowed area of land used for construction for 2017 to a major project of a theme park in relation to Chinese history and culture which was to be constructed in Jiangyou City, the PRC. As a result, the land use right for the calcium carbonate production site was delayed. With the effort of JV Partner to further negotiate with the People’s Government of Jiangyou, it is expected by the JV Partner that the land use right approval may be obtained before mid-year of 2018.

A such, it is expected by the Company that its contribution, by way of instalments, to the calcium carbonate business will be commencing form the third quarter of 2018 in commensurate with the cash deployment by joint venture company. The indicative timeline for cash deployment is revised as follows:

	2018		2019			
	3rd Quarter <i>RMB’000</i>	4th Quarter <i>RMB’000</i>	1st Quarter <i>RMB’000</i>	2nd Quarter <i>RMB’000</i>	3rd Quarter <i>RMB’000</i>	4th Quarter <i>RMB’000</i>
Construction design of new factory	5,080	3,500	–	–	–	–
Construction of new factory	–	21,140	5,340	5,360	–	–
Purchase and installation of new machinery	–	27,180	32,200	32,200	–	–
Working capital (including the trial run of operations)	7,000	1,500	1,500	1,500	7,040	19,460
	<u>12,080</u>	<u>53,320</u>	<u>39,040</u>	<u>39,060</u>	<u>7,040</u>	<u>19,460</u>

Note: The revised timeline above is based on the extensive experience of the management in relation to the implementation of the construction of new factory. However, given that the third parties will necessarily be involved in the process, be it regulators, service or equipment providers or new staffs, there is no assurance that the Group will be able to meet the revised timeline indicated.

According to the JV Partner, there is no legal impediments which may lead to the JV Partner failing to obtain the land use right approval. However, there is uncertainty about the JV Partner to acquire the land depends on a variety of factors, such as the local overall economic conditions, the availability of land parcels legally provided by the government, the effectiveness of the JV Partner to acquire the land parcels and the completion for such land parcels. The PRC government and relevant local authorities control the supply and price of new land parcels and approve the planning and use of such land parcels. Specific regulations are in place to control the methods and procedures by which land parcels are acquired and developed in the PRC.

The Company is currently exploring other alternatives for the calcium carbonate business, not limit to the cooperation with the JV Partner. If the land use right approval could not be obtained by the JV Partner, the Company will further negotiate with the JV Partner for other availability of cooperation or explore other alternatives to develop the calcium carbonate business.

By Order of the Board
CHINA KINGSTONE MINING HOLDINGS LIMITED
Cheung Wai Kee
Company Secretary

Hong Kong, 20 April 2018

As at the date of this announcement, the Board comprises Mr. Wang Minliang (Chairman), Mr. Zhang Jianzhong, Mr. Zhang Weijun and Ms. Zhang Cuiwei as executive directors, and Ms. Wang Yihua and Mr. Sheng Guoliang as independent non-executive directors.