



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)
(於開曼群島註冊成立並於百慕達存續的有限公司)
Stock Code 股份代號: 1380



2019

INTERIM REPORT
中 期 報 告

BOARD OF DIRECTORS

Executive Directors

Mr. Zheng Yonghui
Mr. Zhang Jianzhong
Mr. Zhang Weijun
Ms. Zhang Cuiwei
Mr. Zhang Mian

Independent Non-executive Directors

Ms. Wang Yihua
Mr. Sheng Guoliang
Mr. Yang Ruimin

AUDIT COMMITTEE

Ms. Wang Yihua (*Chairman*)
Mr. Yang Ruimin
Mr. Sheng Guoliang

REMUNERATION COMMITTEE

Mr. Sheng Guoliang (*Chairman*)
Mr. Yang Ruimin
Ms. Zhang Cuiwei

NOMINATION COMMITTEE

Mr. Yang Ruimin (*Chairman*)
Mr. Sheng Guoliang
Ms. Zhang Cuiwei

AUTHORISED REPRESENTATIVES

Ms. Zhang Cuiwei
Mr. Cheung Wai Kee

COMPANY SECRETARY

Mr. Cheung Wai Kee

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

董事會

執行董事

鄭永暉先生
張建忠先生
張衛軍先生
張翠薇女士
張勉先生

獨立非執行董事

王藝華女士
盛國良先生
楊銳敏先生

審計委員會

王藝華女士 (*主席*)
楊銳敏先生
盛國良先生

薪酬委員會

盛國良先生 (*主席*)
楊銳敏先生
張翠薇女士

提名委員會

楊銳敏先生 (*主席*)
盛國良先生
張翠薇女士

授權代表

張翠薇女士
張蔚琦先生

公司秘書

張蔚琦先生

註冊辦事處

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

Corporate Information

公司資料

HEADQUARTERS OF BUSINESS IN THE PRC

Zhangjiaba Mine
Zhenjiang Village
Xiangshui County
Jiangyou City
Sichuan Province
The PRC

中國營業總部

中國
四川省
江油市
香水鄉
鎮江村
張家壩礦山

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 14, 8/F., Seapower Tower
Concordia Plaza
No. 1 Science Museum Road
Kowloon, Hong Kong

香港主要營業地點

香港九龍
科學館道1號
康宏廣場
航天科技大廈8樓14室

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

股份過戶登記總處

Estera Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

香港股份過戶登記處

香港中央證券登記有限公司
香港
灣仔
皇后大道東183號
合和中心
17樓1712-1716號舖

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
Bank of Communications Limited
Industrial and Commercial Bank of China
The Hongkong and Shanghai Banking Corporation Limited

主要往來銀行

中國建設銀行(亞洲)股份有限公司
交通銀行股份有限公司
中國工商銀行
香港上海滙豐銀行有限公司

AUDITORS

Elite Partners CPA Limited

審計師

開元信德會計師事務所有限公司

STOCK CODE

1380

股份代號

1380

WEBSITE OF THE COMPANY

www.kingstonemining.com

公司網址

www.kingstonemining.com

BUSINESS REVIEW

China Kingstone Mining Holdings Limited (the “Company”), together with its subsidiaries (the “Group”), is the mining operator in China which focuses on beige marble blocks and processing of marble slabs, and owned the largest beige marble mine in China, namely Zhangjiaba Mine, in terms of marble reserves, according to the certification issued by China Stone Material Association in August 2010. Zhangjiaba Mine is located in Zhenjiang Village, Xiangshui County, Jiayangou City of Sichuan Province, China.

Exploration, Development and Production Activities at the Mine

The Group focuses on the development and mining at the Zhangjiaba mine during the six months ended 30 June 2019 (“HY2019”). The Zhangjiaba Mine contains 44.2 million cubic meter of measured and indicated marble resources, which represents 16.8 million cubic meter of proved and probable marble reserves based on a block rate of 38%, according to the independent competent person’s report dated on 7 March 2011 (as shown in the Company’s Prospectus). There was no geological exploration activity during HY2019.

The Zhangjiaba mine mainly divided into the eastern mining zone and the western mining zone. During HY2019, the Group continues to carry out the stripping of the overburden materials at the surface for the both eastern and western zone. It is expected that the further development of the mine to lower benches will be required for large block production. Under the current mining condition, the Group is unable to estimate when the large and entire marble blocks could be produced.

During HY2019, the aggregate expenditure of the mining operation of the Group was approximately RMB9.4 million, which mainly included depreciation on property, plant and equipment of approximately RMB3.6 million, fuel and materials consumption of approximately RMB3.5 million, and repair and safety protection costs of approximately RMB1.0 million.

業務回顧

中國金石礦業控股有限公司（「本公司」）連同其附屬公司（「本集團」）是中國專注於米黃色大理石荒料及加工成大理石板材的礦業營運商，擁有張家壩礦山。根據中國石材協會於2010年8月發出的證明，張家壩礦山是中國米黃色大理石儲量最大的礦山。張家壩礦山位於中國四川省江油市香水鄉鎮江村。

礦山勘探、開發及生產活動

於截至2019年6月30日止六個月（「2019年上半年」）本集團專注於在張家壩礦山的開發及開採。根據獨立合資格人士於2011年3月7日的報告（如本公司招股章程所示），張家壩礦山蘊藏44,200,000立方米探明及推定大理石資源，按荒料率38%計算，相當於16,800,000立方米的證實及概略大理石儲量。於2019年上半年並無進行地質勘探活動。

張家壩礦山主要分為東部採礦區及西部採礦區。於2019年上半年，本集團繼續開展在東部及西部採礦區剝採表面廢料的工序。預期大型荒料生產將需要進一步開發礦山的下層台階。根據目前的採礦情況，本集團未能預估大型大理石荒料的出產時間。

於2019年上半年，本集團採礦業務的總開支約為人民幣9,400,000元，主要包括物業、廠房及設備折舊約人民幣3,600,000元、燃料及材料消耗約人民幣3,500,000元以及維修及安全防護成本約人民幣1,000,000元。

Management Discussion and Analysis

管理層討論及分析

Marble Slabs Business

The marble stones are widely used in construction and decoration industry for decorative purposes due to its bright color and lustrous finish. Marble slabs are used in application such as interior and exterior decoration, laying pavements, stairs, flooring and furniture. The Group sells marble slabs through some distributors or purchasing agents which have a strong track record and broad sales and marketing network with property developers and construction companies in China.

In view of the rapid urbanization in China and the Belt and Road initiative that have driven the infrastructure development, the Group had expected the marble slabs business would ratchet up with upbeat forecast. However, the recent US and China trade standoff dealt a blow to the property development market in China. Most of building materials are on the list of the additional import and export tariff tax imposed by the United States and China. As the marble slabs business of the Group hinges on property development and construction industry in China, the Group recorded a decrease of 21.8% in sales of marble slabs from RMB20.0 million for the six months ended 30 June 2018 ("HY2018") to RMB15.7 million for HY2019, resulting from a decrease in demand of the marble slabs for decorative purpose. The Group expects weakening demand in marble slabs may be exacerbated in the second half year of 2019 if trade disputes between US and China persists. The Group have to maintain a high degree of vigilance against unpredictable international developments and sensitive external environment that adversely affect the Group's business and also take extra-cautious of the plan for the expansion in marble slabs business.

Marble Slags and Calcium Carbonate Business

Marble slag is produced by the cracked marble stones and in the course of stripping overburden at Zhangjiaba mine. Marble slag is raw materials for the production of ground calcium carbonate (the "GCC"). The Group sells the marble slags to the GCC manufacturers which are close to the Zhangjiaba mine. For HY2019, revenue attributable to marble slags business was approximately RMB13.6 million as compared to RMB5.1 million for HY2018. Such increase was primarily due to ramping up the production of the marble slags through speeding up the stripping of ore, as well as staying strong demand of marble slags from the GCC manufacturer.

The Group plans to embark on the GCC business and integrate with the existing marble slags business. GCC is produced by the grinding process to transform marble slags into a powder. GCC is widely used as raw materials in production of building and construction materials, paper, plastics, paints, coatings and also personal health and food production. The Group may utilize its own rich marble resources from the Zhangjiaba mine to produce marble slags and then further process to GCC. The Group expects that the integration will result in a synergy that allows the Group's calcium carbonate business more competitive as result of stable supply of marble slags and gaining cost advantage. The Group is now undergoing the negotiation for the cooperation agreement with the joint venture partner of the Group.

大理石板材業務

大理石由於細膩亮澤、瑰美雅致，被廣泛用於建築及裝修行業作裝飾用途，大理石板材用於內外裝飾、鋪設路面、樓梯、地板及傢俬等等。本集團於中國透過部分擁有彪炳往績及與物業開發商及建築公司擁有廣泛銷售營銷網絡的分銷商或採購代理銷售大理石板材。

鑒於中國城市化進程加快和促動基建發展的一帶一路倡議，本集團預期大理石板材業務將越來越暢旺，前景喜人。然而，近期中美陷入貿易僵局，對中國房地產開發市場造成打擊。大多數建築材料被中國及美國列入施加額外進出口關稅的清單。由於本集團的大理石板材業務與中國房地產開發及建築行業息息相關，本集團的大理石板材銷售額由截至2018年6月30日止六個月（「2018年上半年」）的人民幣20,000,000元減少21.8%至2019年上半年的人民幣15,700,000元，乃由於作裝飾用途的大理石板材需求減少所致。倘中美貿易爭端持續，本集團預期，於2019年下半年大理石板材需求疲軟可能會加劇。本集團將須對不可預測的國際發展態勢以及對本集團業務構成不利影響的外部敏感環境保持高度警覺，並對擴張大理石板材業務的計劃採取十分謹慎的態度。

大理石礦渣及碳酸鈣業務

大理石礦渣是在張家壩礦山覆蓋層剝採過程中由碎裂大理石產生。大理石礦渣是生產重質碳酸鈣（「重質碳酸鈣」）的原材料。本集團將大理石礦渣售予張家壩礦山附近的重質碳酸鈣製造商。於2019年上半年，大理石礦渣業務應佔收入約為人民幣13,600,000元，而2018年上半年則為人民幣5,100,000元。有關增加乃主要由於大理石礦渣產量因剝採礦的速度加快而提高以及重質碳酸鈣製造商對大理石礦渣的需求保持強勁所致。

本集團計劃從事重質碳酸鈣業務，將其與現有的大理石礦渣業務進行整合。重質碳酸鈣是由大理石礦渣研磨成粉末而來，其作為原材料廣泛用於生產樓宇及建築材料、紙張、塑料、漆料及塗層，也用於生產個人保健食品。本集團可運用張家壩礦山的自有豐富大理石資源生產大理石礦渣，並將其進一步加工成重質碳酸鈣。本集團預期該整合會形成協同效應，可讓本集團的碳酸鈣業務憑藉穩定的大理石礦渣供應及取得成本優勢而更具有競爭力。本集團目前就合作協議正與本集團的合營夥伴進行洽談。

FINANCIAL REVIEW

Revenue

The Group's revenue increased by RMB4.2 million or 16.7% from RMB25.1 million for HY2018 to RMB29.3 million for HY2019. The increase was primarily due to an increase of RMB8.6 million in sales of marble slags but partly offset by a decrease of RMB4.4 million in sales of marble slabs.

Analysis by products

		Six months ended 30 June 截至6月30日止六個月		
		2019 2019年	2018 2018年	Change 變動
Marble slabs	大理石板材	15,663	20,042	-21.8%
Marble slags	大理石礦渣	13,635	5,071	+168.9%
		29,298	25,113	+16.7%

Analysis by sales volume and selling price:

		Six months ended 30 June 截至6月30日止六個月		
		2019 2019年	2018 2018年	Change 變動
Sales volume:	銷量:			
Marble slabs (square meter)	大理石板材 (平方米)	56,562	79,000	-28.4%
Marble slags (tonnes)	大理石礦渣 (噸)	485,704	197,159	+146.4%
Average selling prices:	平均售價:			
Marble slabs (RMB per square meter)	大理石板材 (每平方米人民幣元)	277	254	+9.1%
Marble slags (RMB per tonnes)	大理石礦渣 (每噸人民幣元)	28	26	+7.7%

Gross Profit and Gross Profit Margin

Gross profit increased by RMB1.2 million or 3.8% from RMB3.2 million for HY2018 to RMB4.4 million for HY2019. Gross profit margin increased from 12.6% for HY2018 to 14.9% for HY2019. The increase was primarily due to an increase in sales of marble slags which has higher gross profit margin than sales of marble slabs.

Selling and Distribution Expenses

Selling and distribution expenses increased from RMB0.3 million for HY2018 to RMB0.7 million for HY2019. The increase was primarily due to an increase in the transportation cost, resulting from an increase in the sales volume of marble slags.

財務回顧

收入

本集團收入由2018年上半年人民幣25,100,000元增加人民幣4,200,000元或16.7%至2019年上半年人民幣29,300,000元。該增加乃主要由於大理石礦渣銷售增加人民幣8,600,000元，惟部分被大理石板材銷售減少人民幣4,400,000元所抵銷。

按產品分析

		Six months ended 30 June 截至6月30日止六個月		
		2019 2019年	2018 2018年	Change 變動
Marble slabs	大理石板材	15,663	20,042	-21.8%
Marble slags	大理石礦渣	13,635	5,071	+168.9%
		29,298	25,113	+16.7%

按銷量及售價進行的分析:

		Six months ended 30 June 截至6月30日止六個月		
		2019 2019年	2018 2018年	Change 變動
Sales volume:	銷量:			
Marble slabs (square meter)	大理石板材 (平方米)	56,562	79,000	-28.4%
Marble slags (tonnes)	大理石礦渣 (噸)	485,704	197,159	+146.4%
Average selling prices:	平均售價:			
Marble slabs (RMB per square meter)	大理石板材 (每平方米人民幣元)	277	254	+9.1%
Marble slags (RMB per tonnes)	大理石礦渣 (每噸人民幣元)	28	26	+7.7%

毛利及毛利率

毛利由2018年上半年的人民幣3,200,000元增加人民幣1,200,000元或3.8%至2019年上半年的人民幣4,400,000元。毛利率由2018年上半年的12.6%增至2019年上半年的14.9%。該增加乃主要由於大理石礦渣銷售的增加，而其較大理石板材銷售有較高毛利率。

銷售及分銷開支

銷售及分銷開支由2018年上半年的人民幣300,000元增加至2019年上半年的人民幣700,000元。該增加乃主要由於大理石礦渣銷量增加導致的運輸成本增加所致。

Management Discussion and Analysis

管理層討論及分析

Administrative Expenses

Administrative expenses increased from RMB18.6 million for HY2018 to RMB20.0 million for HY2019.

The Group has implemented cost cutting measures, including a reduction in the staff cost, rental expenses and other general expenses since late 2018 in order to increase the effectiveness of the operation of the Group. The cost reduction plan has been planned out during HY2019. The increase in administrative expenses was primarily due to an increase of RMB10.7 million in share option expense in relation to the share options granted to the Director and certain employees of the Group during HY2019.

(Loss)/Profit for the Period

The Group recorded a loss of RMB20.6 million for HY2019 as compared to a profit of RMB0.9 million for HY2018, as a result of a combined effect of (i) a reversal of RMB15.7 million in provision for litigation in relation to a claim against Sichuan Jiangyou Jinshida Stone Co., Limited, a wholly-owned subsidiary of the Company, involving the Zhangjiaba mine. A settlement of litigation was reached with the Plaintiff on 5 July 2018; (ii) an increase of RMB3.2 million in provision for impairment loss on trade receivables; and (iii) a loss of RMB1.1 million on deregistration of a PRC subsidiary.

Liquidity and Capital Resources

As at 30 June 2019, the Group's total equity interests was RMB391.5 million (31 December 2018: RMB401.2 million), representing a decrease of 2.4%. The decrease was mainly attributable to a combined effect of a loss of RMB20.6 million incurred for HY2019 and an increase of RMB10.7 million in share option reserve for HY2019.

As at 30 June 2019, the Group had cash and bank balances of RMB57.6 million (31 December 2018: RMB65.1 million). Cash and bank balances were mainly denominated in Hong Kong dollars and Chinese Renminbi ("RMB"). The Group has adequate financial resources to meet the anticipated future liquidity requirement and capital expenditure commitment.

Capital Expenditure

The Group's capital expenditure was amounted to RMB3.2 million during HY2019 (HY2018: 1.3 million), which was primarily related to an acquisition of plant and machinery.

行政開支

行政開支由2018年上半年的人民幣18,600,000元增加至2019年上半年的人民幣20,000,000元。

為提高本集團營運之效率，本集團已自2018年末實施成本削減措施，包括減少員工成本、租金開支及其他一般開支。該成本削減計劃已於2019年上半年成功推出。行政開支增加乃主要由於與在2019年上半年向本集團董事及若干僱員授出購股權有關的購股權開支增加人民幣10,700,000元所致。

期內（虧損）／溢利

本集團於2019年上半年錄得虧損人民幣20,600,000元，2018年上半年則錄得溢利人民幣900,000元，此乃由於以下各項之綜合影響：(i) 與針對本公司全資附屬公司四川江油金時達石業有限公司涉及張家壩礦山申索有關的訴訟撥備撥回人民幣15,700,000元，訴訟已於2018年7月5日與原告達成和解；(ii) 貿易應收款項減值虧損撥備增加人民幣3,200,000元；及(iii) 撤銷註冊一間中國附屬公司虧損人民幣1,100,000元。

流動資金及資本資源

於2019年6月30日，本集團總權益為人民幣391,500,000元（2018年12月31日：人民幣401,200,000元），降幅為2.4%。該減少乃主要由於2019年上半年產生的虧損人民幣20,600,000元及2019年上半年購股權儲備增加人民幣10,700,000元的綜合影響所致。

於2019年6月30日，本集團擁有現金及銀行結餘人民幣57,600,000元（2018年12月31日：人民幣65,100,000元）。現金及銀行結餘主要以港元及中國人民幣（「人民幣」）計值。本集團擁有足夠財務資源滿足預期未來流動資金需求及資本開支承擔。

資本開支

本集團於2019年上半年的資本開支為人民幣3,200,000元（2018年上半年：人民幣1,300,000元），主要與收購廠房及機器有關。

Exposure to Fluctuations in Exchange Rates

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

Human Resources

As at 30 June 2019, the Group had a total of 28 (31 December 2018: 23) employees. The total staff cost, including directors' emoluments, share options benefit and pension scheme contribution, was approximately RMB13.2 million for HY2019 (HY2018: RMB3.1 million).

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

Pledge of Assets

As at 30 June 2019, the Group had no pledge of assets (31 December 2018: Nil).

Capital Commitment

As at 30 June 2019, the Group had a capital commitment of approximately RMB14.6 million (31 December 2018: RMB15.3 million) in relation to the construction and purchase of property, plant and equipment contracted for but not provided in the financial statements.

Contingent Liabilities

As at 30 June 2019, the Group had no material contingent liabilities (31 December 2018: Nil).

匯率波動風險

本集團主要營業地點為中國。本集團並無重大外匯風險，因為除香港辦事處的若干行政開支以港元及美元計值外，本集團大部分業務交易、資產及負債主要以中國人民幣（「人民幣」）計值，而人民幣為本集團的功能及列報貨幣。本集團並無訂立任何外匯合同作對沖措施。

人力資源

於2019年6月30日，本集團共有28名（2018年12月31日：23名）員工。2019年上半年，員工成本總額（包括董事酬金、購股權福利及退休金計劃供款）約為人民幣13,200,000元（2018年上半年：人民幣3,100,000元）。

本集團的薪酬政策按照個別員工的表現以及香港及中國的薪酬趨勢制訂，並會定期審閱。本集團亦會根據其盈利情況，向員工分派酌情花紅，作為對員工為本集團所作出貢獻的獎勵。

資產抵押

於2019年6月30日，本集團並無資產抵押（2018年12月31日：無）。

資本承擔

於2019年6月30日，本集團就建設以及收購物業、廠房及設備有已訂約資本承擔約人民幣14,600,000元（2018年12月31日：人民幣15,300,000元），惟並無於財務報表計提撥備。

或然負債

於2019年6月30日，本集團並無重大或然負債（2018年12月31日：無）。

Management Discussion and Analysis

管理層討論及分析

Use of Proceeds from Fund Raising Activities

On 3 March 2017 and 24 April 2017, the Company entered into an agreement and supplemental agreement with an underwriter, respectively, by issuing 2,360,068,975 rights shares to qualifying shareholders by way of the rights issue at subscription price of HK\$0.12 per rights share on the basis of five rights shares for every share in issue on the record date. The net proceeds from the rights issue were approximately HK\$276.54 million.

As at 29 September 2017, the Company resolved to change the use of the unutilized net proceeds of HK\$50.94 million for the settlement of the potential damages arising from the litigation to use the unutilized proceeds of (i) approximately HK\$15 million for purchasing of machineries for replacement of well-worn mining equipment; (ii) approximately HK\$20 million for marble slabs business, and (iii) HK\$15.94 million for general working capital. For details, please refer to the announcement of the Company dated 29 September 2017.

As at 30 June 2019, the net proceeds had been utilised as follows:

集資活動的所得款項用途

於2017年3月3日及2017年4月24日，本公司與包銷商分別訂立協議及補充協議，按認購價每股供股股份0.12港元及按於記錄日期每持有一股已發行股份可獲發五股供股股份之基準以供股形式向合資格股東發行2,360,068,975股供股股份，供股所得款項淨額約為276,540,000港元。

於2017年9月29日，本公司決議將未動用所得款項淨額50,940,000港元的用途從用於結算訴訟產生之潛在損害賠償變更為(i)將未動用所得款項約15,000,000港元用於購置機械以替代陳舊的採礦設備；(ii)將未動用所得款項約20,000,000港元用於大理石板材業務；及(iii)將未動用所得款項15,940,000港元用作一般營運資金。詳情請參閱本公司日期為2017年9月29日之公告。

於2019年6月30日，所得款項淨額已動用如下：

		Intended use of proceeds 所得款項之 計劃用途 HK\$'000 千港元	Actual use of proceeds 所得款項之 實際用途 HK\$'000 千港元
The contribution of funding for the GCC business	注資以發展重質碳酸鈣業務		
- Set-up of manufacturing building (including property, plant and equipment)	- 建設生產樓宇(包括物業、 廠房及設備)	149,150	60,000
- General working capital of GCC business	- 重質碳酸鈣業務的 一般營運資金	42,610	-
General working capital of the Group	本集團的一般營運資金		
- Purchasing of machineries for marble mining business	- 就大理石採礦業務購置機械	15,000	15,000
- Marble slab business	- 大理石板材業務	20,000	49,720
- Settlement of litigation	- 訴訟和解	-	24,976
- Other general working capital	- 其他一般營運資金	49,780	62,531
		276,540	212,227

Management Discussion and Analysis

管理層討論及分析

In April 2017, the Group entered in a non-legal binding memorandum of understanding (the "MOU") with a GCC manufacturer (the "JV Partner") to form a joint venture company to extend the downstream business of GCC production in Jiangyou City, Sichuan Province, the PRC. The JV Partner possesses an extensive experience in the operation of the GCC production while the Group owns the enriched marble resources. The Group considers the cooperation of the business development of GCC production will be mutually beneficial to both parties.

During 2018, the JV Partner obtained the land use approval for part of the planned production site from the Land and Resources Department of Jiangyou City and also obtained the Construction Permit on site from the relevant authority in China. As the mining right of Zhangjiaba Mine was then being seized and was being taken step to be auctioned under a court judgement of a litigation, the Group and JV Partner agree to suspend the execution of the MOU until the Group resolves the matters involving the auction of the Zhangjiaba Mine. In July 2018, the Group made a settlement of the litigation and the auction of the mining right of Zhangjiaba Mine was withdrawn by the plaintiff of the litigation. However, in the meantime, the JV Partner had already contributed certain fund needs for the GCC business development that should have been made by the Group under the MOU, such that the cooperation intent framework between the Group and the JV Partner has been changed and its details of cooperation arrangement has to be re-negotiated anew.

The Group is undergoing the negotiation for the new cooperation agreement with JV Partner. The Group will also explore for other alternatives to develop the GCC production business in case the agreement cannot be reached. As a result, the timeline of the cash deployment for GCC production has not been determined.

於2017年4月，本集團與一名重質碳酸鈣生產商（「合營夥伴」）訂立不具法律約束力的諒解備忘錄（「諒解備忘錄」），以成立一間合營公司於中國四川省江油市擴展重質碳酸鈣生產下游業務。合營夥伴在經營重質碳酸鈣生產方面擁有豐富經驗，而本集團擁有豐富的大理石資源。本集團認為重質碳酸鈣生產業務發展方面的合作對訂約雙方均有利。

於2018年，合營夥伴已向江油市國土資源局取得部分計劃生產場地的土地使用權審批，並自中國相關部門取得場地建造許可。由於張家壩礦山的採礦權已被查封，並正被採取措施根據一宗訴訟的法院判決進行拍賣，本集團及合營夥伴同意暫停執行諒解備忘錄，直至本集團解決張家壩礦山拍賣涉及的事宜為止。於2018年7月，本集團就該訴訟達成和解，且該訴訟原告已撤回對張家壩礦山採礦權的拍賣。然而，同時，鑒於原應由本集團根據諒解備忘錄就推動重質碳酸鈣業務發展而提供的若干資金已由合營夥伴代為出資，故本集團與合營夥伴之間的合作意向框架經已改變，相關合作安排細節須重新進行磋商。

本集團正與合營夥伴就達成新合作協議進行磋商。如無法達成協議，本集團亦將探尋發展重質碳酸鈣生產業務的其他替代方案。因此，向重質碳酸鈣生產調撥現金的時間計劃尚未定案。

Management Discussion and Analysis

管理層討論及分析

Litigation

(a) On 13 May 2015, the Company entered into an underwriting agreement with Royal Moon International Limited ("Royal Moon") for raising approximately HK\$121 million by way of open offer on the basis of one offer Shares for every two existing Shares. Under the underwriting obligation, Royal Moon has paid funds of HK\$66.85 million for 668,040,194 Shares to the Company through its financier, Zhangtai International Wealth Management Limited (the "Plaintiff"), however, as a result of a Hong Kong Court decision dated 3 July 2015, Royal Moon, under the underwriting obligation, only had to subscribe 54,577,056 Shares at the price of HK\$5.5 million. As such, this left a balance of the funds of HK\$61.4 million in the open offer bank account of the Company. The Company returned the balance of fund to Royal Moon on 7 July 2015.

On 22 August 2018, the High Court of Hong Kong Special Administrative Region ("High Court") handed down a judgement to dismiss the application for summary judgment from the Plaintiff for a claim that the Company is liable to account to the Plaintiff for wrongfully returning the balance of fund of approximately HK\$61.4 million from the open offer bank account of the Company to Royal Moon on the ground of the alleged breach of trust and/or breach of equitable/fiduciary duties.

The Plaintiff is claiming for equitable compensation and/or damages, and/or account of profits on the ground of the Company's breach of trust, together with an order to pay to the Plaintiff such sum as may be found due or payable, including relevant interests and costs. The Plaintiff is also seeking for a declaration that the Company is liable to account to the Plaintiff for the balance of the fund in the open offer account of the Company or such other sum as the Court thinks fit on the ground of its breach of trust.

The Company considered no provision made for the case as this proceeding is still at its early stage. This litigation case is still in progress.

訴訟

(a) 於2015年5月13日，本公司與皇月國際有限公司（「皇月」）訂立包銷協議，內容有關按每持有兩股現有股份可獲發一股發售股份的公開發售方式籌集約121,000,000港元。根據包銷責任，皇月已透過其融資人中泰國際資產管理有限公司（「原告」）就668,040,194股股份向本公司支付資金66,850,000港元，然而，由於香港法院在2015年7月3日作出一項裁決，判定皇月僅須根據包銷責任按5,500,000港元的價格認購54,577,056股股份，故此導致本公司公開發售銀行賬戶中留下61,400,000港元的資金結餘。本公司已於2015年7月7日向皇月退還該資金結餘。

於2018年8月22日，香港特別行政區高等法院（「高等法院」）作出一項判決，駁回原告提出的簡易判決申請，內容有關指稱本公司因違反信託及／或違反衡平法／受信責任錯誤地將資金結餘約61,400,000港元從本公司公開發售銀行賬戶退還至皇月而有責任向原告作出交代。

原告主張，因本公司違反信託，原告應得到衡平法補償及／或損害賠償、及／或交出利潤，並應獲得頒令責成本公司向原告支付可能被認為到期或應付的金額，包括相關利息及成本。原告亦尋求一項聲明，表示本公司有責任就本公司公開發售賬戶中的資金結餘或法院基於本公司違反信託而可能認為適當的有關其他金額向原告作出交代。

本公司認為毋須就此案作出撥備，原因為此訴訟仍處於早期。本訴案仍在進行中。

- (b) On 8 August 2018, the Company received a writ of summons (the "Writ") issued in the Court of First Instance of the High Court of Hong Kong under Commercial List Action No. 5 of 2018 (the "Action") by Mr. Li Jiaju (the "Plaintiff") against Kinwin International Investment Limited (the "1st Defendant"), a company wholly owned by a former director of the Company, the Company (the "2nd Defendant") and the former director of the Company (the "3rd Defendant"), in relation to a claim for the sum of approximately HK\$23.7 million plus interest and costs against the 1st Defendant or alternatively, a claim for a sum of approximately HK\$21.2 million plus interest and costs against the Company or alternatively a claim for the sum owned by the 1st Defendant against the 3rd Defendant, pursuant to a loan agreement between the Plaintiff and the 1st Defendant and an alleged deed of assignment that was executed between the Plaintiff, 1st Defendant, the 2nd Defendant.

The Company considered no provision made for the case as this proceeding is still at its early stage. The litigation case is still in progress.

- (c) On 12 March 2019, the Company received a notification of proceeding served by Guangzhou City Huangpu district People's Court pursuant to which Mr. Caiyou (the "Plaintiff") commenced a legal proceedings against Sichuan Jinshida (a wholly-owned subsidiary of the Company) (the "1st Defendant"), Kingstone Guangzhou, (the "2nd Defendant") and other, due to the disputes of an agreement dated 9 August 2013 for assignment of loan between Sichuan Jinshida (as assignor), Mr. Cao You ("Mr. Cao") (as assignee) and Guangdong Huaxia Financial Guarantee Co., (as guarantor of the assignment agreement) pursuant to which Sichuan Jinshida has agreed to assign and Mr. Cai has agreed to accept Sichuan Jinshida's rights, title, interest and benefits in and to the Loan at a total consideration of RMB40,000,000.

Pursuant to the civil complaint, the plaintiff claims against Sichuan Jinshida and other defendants (i) to rescind the assignment agreement and an alleged supplemental agreement, (ii) to return the deposit and part of consideration in amount of RMB8.0 million in aggregate, (iii) to pay compensation of RMB5.0 million.

A provision for litigation of RMB1.2 million regarding this case was made in previous year. The litigation case is in progress.

- (b) 於2018年8月8日，本公司接獲李家駒先生（「原告」）根據2018年商業類別訴訟第5號（「訴訟」）於香港高等法院原訴法庭針對建勝國際投資有限公司（「第一被告」，一間由本公司前任董事全資擁有之公司）、本公司（「第二被告」）及本公司前任董事（「第三被告」）發出的傳訊令狀（「令狀」），內容有關根據原告與第一被告訂立之貸款協議及原告與第一被告、第二被告簽立之一份聲稱轉讓契據，提出針對第一被告的約23,700,000港元另加利息及成本之申索，或針對本公司的約21,200,000港元另加利息及成本之申索，或針對第三被告的有關第一被告所欠金額之申索。

本公司認為毋須就此案作出撥備，原因為此訴訟仍處於早期。本訴案仍在進行中。

- (c) 於2019年3月12日，本公司接獲廣州市黃埔區人民法院送達之訴訟通知，據此，蔡有先生（「原告」）因對四川金時達（作為轉讓人）、蔡有先生（「蔡先生」，作為承讓人）及廣東華夏融資擔保有限公司（作為轉讓協議之擔保人）之間訂立的日期為2013年8月9日之轉讓貸款協議存有爭議而針對本公司之全資附屬公司四川金時達（「第一被告」）、金石廣州（「第二被告」）等提出訴訟，根據該協議，四川金時達已同意轉讓且蔡先生已同意接納四川金時達對該筆貸款享有之權利、所有權、權益及利益，總代價為人民幣40,000,000元。

根據該民事起訴狀，原告要求四川金時達及其他被告(i)撤銷該轉讓協議及聲稱補充協議，(ii)退還按金及部分代價合共人民幣8,000,000元，(iii)支付賠償金人民幣5,000,000元。

本公司已於去年就此案作出訴訟撥備人民幣1,200,000元。本訴案仍在進行中。

Management Discussion and Analysis

管理層討論及分析

PROSPECTS

China economy shows a sign of slowdown resulting from the US-China raging trade disputes and it seems they make no headway to truce the trade war. The Group braces for facing the great challenges in year 2019 as the growth of the Group's business hinges upon the prospect of China economy. The Group will take very cautious of and vigilant to the pace of further expansion of marble business in China. Despite these headwinds, the Group will continue to consolidate the production and operations and extend the customer base to get improved in the performance of the marble business. On the other hand, the Group will continue to explore new business opportunities so arising in order to maximize shareholder's value in the future.

展望

中國經濟由於中美貿易爭端加劇以及兩國之間貿易戰幾無和解而出現放緩跡象。本集團因業務增長與中國經濟前景息息相關，故於2019年迎來巨大挑戰。本集團將對在中國進一步擴張大理石業務的速度保持極為審慎和警覺的態度。儘管存在此等挫折，本集團將繼續整合生產及營運和擴大客戶基礎以改善大理石業務表現。另一方面，本集團將繼續探索出現的新商機，以求未來將股東價值最大化。

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the six months ended 30 June 2019 except for a deviation from code provisions A.2.1 and A.1.8 of CG Code.

Under code provision A.2.1 of CG Code, the roles of chairman and chief executive officer (the "CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. During the six months ended 30 June 2019, the Board has yet to appoint the chairman (the "Chairman") and CEO of the Company. The independent board members will temporarily take the role of Chairman to ensure that the Board is effective in its take of setting and implement the Company's direction and strategy, while the executive board members will take up the role of CEO to manage the operation of the Group. The Board considers that there is sufficient balance of power and the current arrangement maintains a strong management position of the Company.

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

Save as the deviation from the code provision A.2.1 and A.1.8 of the CG Code, in the opinion of the Directors, the Company has complied with all code provisions as set out in the CG Code throughout the six months ended 30 June 2019 and, where appropriate, the applicable recommended best practices of the CG Code.

企業管治

本公司於截至2019年6月30日止六個月一直遵守聯交所證券上市規則（「上市規則」）附錄十四所載企業管治守則及企業管治報告（「企業管治守則」），惟與企業管治守則的守則條文第A.2.1條及第A.1.8條有所偏離。

根據企業管治守則的守則條文第A.2.1條規定，主席及行政總裁（「行政總裁」）的角色應予區分及不應由同一人擔任。主席及行政總裁之間的職責分工應清晰確立及以書面形式載列。於截至2019年6月30日止六個月，董事會尚未委任本公司主席（「主席」）及行政總裁。獨立董事委員會成員將暫時承擔主席的職責以確保董事會有效設定及執行本公司的決策及策略，而執行董事會成員將承擔行政總裁的職責以管理本集團之營運。董事會認為已有足夠的權力均衡及目前的安排可維持本公司管理層的強勢地位。

根據企業管治守則的守則條文第A.1.8條規定，本公司應就針對本公司董事（「董事」）的法律訴訟安排適當保險。由於董事會相信在現有內部監控制度及管理層密切監管的情況下，各董事因董事身份而被控告或牽涉於訴訟之風險偏低，故本公司並無就此作投保安排。儘管如此，董事會將不時檢討投保需要。

除與企業管治守則之守則條文第A.2.1條及第A.1.8條有所偏離外，董事認為，本公司於截至2019年6月30日止六個月一直遵守企業管治守則所載的所有守則條文及企業管治守則的適用建議最佳常規（如適用）。

Other Information

其他資料

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions by the Directors. The Company confirms that, having made specific enquiries with all Directors of the Company, all Directors confirmed that they have complied with the required standards set out in the Model Code and its own code of conduct regarding directors' securities transaction throughout the six months ended 30 June 2019.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company comprised three independent non-executive Directors, namely Ms. Wang Yihua, Mr. Yang Ruimin and Mr. Sheng Guoliang. The audit committee of the Company has reviewed the unaudited interim results of the Group for the six months ended 30 June 2019 and has recommended their adoption to the Board.

BOARD OF DIRECTORS

As at 30 June 2019, the Board comprises five executive Directors, namely Mr. Zheng Yonghui, Mr. Zhang Jianzhong, Mr. Zhang Weijun, Mr. Zhang Mian and Ms. Zhang Cuiwei, and three independent non-executive Directors, namely Mr. Yang Ruimin, Ms. Wang Yihua and Mr. Sheng Guoliang.

CHANGES IN INFORMATION OF DIRECTORS

The changes in information of the Directors subsequent to 31 December 2018 are set out below:

Name of Directors 董事姓名	Details of the change 變動詳情
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Mr. Zhang Mian (Mr. Zhang) 張勉先生 (張先生)	The remuneration of Mr. Zhang was adjusted from HK\$100,000 per annum to HK\$240,000 per annum with effect from 1 July 2019. 張先生之薪酬由每年100,000港元調整至每年240,000港元，自2019年7月1日起生效。
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Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rule.

遵從標準守則

本公司已採納上市規則附錄十所載的上市發行人董事進行證券交易的標準守則(「標準守則」)，作為其本身就董事進行證券交易之操守準則。本公司確認，經向本公司全體董事作出特定查詢後，全體董事確認彼等於截至2019年6月30日止六個月一直遵守標準守則所載之規定標準及其本身就董事進行證券交易之操守準則。

審計委員會及審閱中期業績

本公司的審計委員會由三名獨立非執行董事組成，包括王藝華女士、楊銳敏先生及盛國良先生。本公司審計委員會已審閱本集團截至2019年6月30日止六個月的未經審核中期業績，並已向董事會建議採納該等業績。

董事會

於2019年6月30日，董事會包括五名執行董事鄭永暉先生、張建忠先生、張衛軍先生、張勉先生及張翠薇女士，以及三名獨立非執行董事楊銳敏先生、王藝華女士及盛國良先生。

董事變動資料

於2018年12月31日後董事變動資料載列如下：

除上文所披露者外，概無其他根據上市規則第13.51B(1)條而須予披露之資料。

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

DIRECTORS' INTEREST IN SECURITIES

As at 30 June 2019, the interests and short positions of the Directors in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which (a) were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to provisions of Division 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or chief executive have taken or deemed to have under such provisions of the SFO); (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange were set out below:

(a) Long Positions in Ordinary Shares of the Company

Name of Director 董事姓名	Capacity 身份	Number of ordinary shares of HK\$0.01 each held 所持每股面值0.01港元之普通股數目			Percentage of the issued share capital of the Company 佔本公司已發行 股本百分比
		Direct interest 直接權益	Deemed interest 視作擁有權益	Total interest 總權益	
Zheng Yonghui 鄭永暉	(a) Interest of a controlled corporation (a) 受控法團權益	-	287,997,542 (Note) (附註)	287,997,542	10.17%
	(b) Beneficial owner (b) 實益擁有人	138,740,000	-	138,740,000	4.90%
		138,740,000	287,997,542	426,737,542	15.07%

Note:

The 287,997,542 ordinary shares of the Company were directly owned by Oasis Tycoon Investments Limited of which all interests are directly controlled by Mr. Zheng Yonghui.

附註：

該等287,997,542股普通股由Oasis Tycoon Investments Limited直接擁有，而Oasis Tycoon Investments Limited之全部權益由鄭永暉先生直接控制。

購買、贖回或出售本公司上市證券

本公司或其任何附屬公司於截至2019年6月30日止六個月內概無購買、出售或贖回本公司任何上市證券。

董事於證券的權益

於2019年6月30日，董事於本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份或債券中擁有(a)根據證券及期貨條例第XV部第7及第8分部之條文規定須知會本公司及香港聯合交易所有限公司（「聯交所」）之權益及淡倉（包括根據證券及期貨條例有關條文董事或最高行政人員被當作或視作持有之權益及淡倉）；(b)根據證券及期貨條例第352條須載入該條例所指之登記冊之權益及淡倉；或(c)根據聯交所證券上市規則（「上市規則」）附錄十所載之上市發行人董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所之權益及淡倉載列如下：

(a) 於本公司普通股之好倉

Other Information

其他資料

(b) Long Positions in Underlying Shares of the Company

Details of the interests of the Directors in the share options of the Company are separately disclosed under the section headed "Share Option Scheme".

Save as disclosed above, none of Directors or the chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities of Futures Ordinance (the "SFO")) which have been notified to the Company and the Stock Exchange of Hong Kong (the "Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the period was the Company or any of its holding company or subsidiaries been participated in any arrangements to enable the Directors or chief executive (including their spouse and children under 18 years of age) to acquire any interests and short positions of shares or underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2019, none of the Directors is aware that any person (not being Directors or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO.

(b) 於本公司相關股份的好倉

董事所持本公司購股權權益的詳情於「購股權計劃」一節內個別披露。

除上文所披露者外，董事或本公司最高行政人員或彼等各自之聯繫人概無於本公司或其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）的股份、相關股份或債券中，擁有已根據證券及期貨條例第XV部第7及8分部知會本公司及香港聯交所（「聯交所」）之任何權益或淡倉，其中包括董事及本公司最高行政人員根據證券及期貨條例之該等條文被當作及視作擁有之權益及淡倉，或須要及已列入證券及期貨條例第352條規定本公司存置的登記冊內之任何權益及淡倉或已根據標準守則另行知會本公司及聯交所之任何權益及淡倉。

除上文所披露者外，本公司或其任何控股公司或附屬公司於期內任何時候從未參與任何安排，使董事或最高行政人員（包括彼等的配偶及未滿18歲子女）於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）的股份或相關股份或債券中購入任何權益及淡倉。

主要股東於證券的權益

於2019年6月30日，按照本公司根據證券及期貨條例第336條規定須存置的主要股東登記冊所記錄，董事概不知悉任何人士（並非董事或本公司最高行政人員）於本公司股份及相關股份中擁有權益或淡倉。

SHARE OPTION SCHEME

The Company has also adopted a share option scheme on 24 January 2011 (the "Share Option Scheme") for the purpose of giving the eligible persons an opportunity to have a personal stake in the Company and help motivate them to optimize their future performance and efficiency to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

The Share Option Scheme will be valid and effective for a period of 10 years from the date of adoption.

Details of outstanding and movement of share options under Share Option Scheme (the "Share Options") during the six months ended 30 June 2019 are as follows:

Grantees	Date of grant		Exercise price	As at 1 January 2019 於2019年 1月1日	Grant during the period 於期內授出	Lapsed/ cancelled during the period 於期內 失效/註銷	As at 30 June 2019 於2019年 6月30日
承授人	授出日期		行使價				
Director							
董事							
Zhang Cuiwei 張翠薇	26 June 2014 2014年6月26日	note 4 附註4	HK\$1.737 1.737港元	1,731,663	-	-	1,731,663
	12 January 2015 2015年1月12日	note 5 附註5	HK\$1.649 1.649港元	2,424,329	-	-	2,424,329
Zhang Mian 張勉	15 April 2019 2019年4月15日	note 8 附註8	HK\$0.1172 0.1172港元	-	28,320,827	-	28,320,827
Other							
其他							
Other employees 其他僱員	9 June 2014 2014年6月9日	note 3 附註3	HK\$1.737 1.737港元	3,290,160	-	-	3,290,160
	26 June 2014 2014年6月26日	note 4 附註4	HK\$1.737 1.737港元	1,731,663	-	-	1,731,663
	30 December 2014 2014年12月30日	note 6 附註6	HK\$1.634 1.634港元	4,848,657	-	-	4,848,657
	12 January 2015 2015年1月12日	note 5 附註5	HK\$1.649 1.649港元	2,424,329	-	-	2,424,329
	23 November 2017 2017年11月23日	note 7 附註7	HK\$0.0972 0.0972港元	47,200,000	-	-	47,200,000
	15 April 2019 2019年4月15日	note 8 附註8	HK\$0.1172 0.1172港元	-	169,924,962	-	169,924,962

購股權計劃

本公司亦已於2011年1月24日採納一項購股權計劃(「購股權計劃」)，旨在給予合資格人士機會，於本公司擁有個人權益，並有助於激勵彼等為本集團提升其未來表現及效率及／或為彼等過去的貢獻向彼等作出獎勵，並吸引和挽留該等在本集團中擔當重要角色及／或其貢獻目前或將有利於本集團的表現、增長或成功的合資格人士或以其他方式與彼等維持持續關係，而就高級行政人員而言，則可令本集團吸引和挽留具備經驗和能力的人士及／或為彼等過去的貢獻作出獎勵。

購股權計劃將自採納日期起計十年期間生效及有效。

截至2019年6月30日止六個月，購股權計劃下未行使的購股權(「購股權」)及其變動的詳情如下：

Other Information

其他資料

Grantees	Date of grant		Exercise price	As at 1 January 2019 於2019年 1月1日	Grant during the period 於期內授出	Lapsed/ cancelled during the period 於期內 失效/註銷	As at 30 June 2019 於2019年 6月30日
承授人	授出日期		行使價				
Former Director and employee 前董事及僱員	4 November 2011 2011年11月4日	note 1,2 附註1、2	HK\$7.967 7.967港元	1,350,697	-	-	1,350,697
				65,001,498	198,245,789	-	263,247,287
			Vested at end of period 於期末歸屬	65,001,498			263,247,287

Note:

附註：

- On 24 May 2012, the Board passed a resolution that these options shall continue to be vested and be exercisable until the expiry of the option period regardless of these grantees ceased to be a Director or an employee of the Company.
 - The options were divided into three tranches exercisable from 4 November 2011, 4 November 2012 and 4 November 2013 to 3 November 2021.
 - The options were exercisable from 9 June 2014 to 8 June 2024 (both dates inclusive).
 - The options were exercisable from 26 June 2014 to 25 June 2024 (both dates inclusive).
 - The options were exercisable from 12 January 2015 to 15 December 2024 (both dates inclusive).
 - The options were exercisable from 30 December 2014 to 18 December 2024 (both dates inclusive).
 - The options were exercisable from 23 November 2017 to 22 November 2027 (both dates inclusive).
 - The options were exercisable from 15 April 2019 to 14 April 2029 (both dates inclusive).
 - The Company recorded the fair value of these share options as staff cost in the income statement. The Company will record the nominal value of the shares which is HK\$0.01 per share issued pursuant to the exercise price of the share options as additional share capital and the Company will record the excess of the exercise price of the share options over nominal value of the shares in its share premium account. Any share options which has lapsed or been cancelled will be deducted from the balance of the share options.
- 於2012年5月24日，董事會通過一項決議案，指儘管該等承授人不再擔任本公司董事或僱員，該等購股權應繼續予以歸屬及可予行使，直至購股權期間屆滿為止。
 - 該等購股權分為三期，分別由2011年11月4日、2012年11月4日及2013年11月4日起至2021年11月3日止可予行使。
 - 該等購股權於2014年6月9日至2024年6月8日（首尾兩天包括在內）可予行使。
 - 該等購股權於2014年6月26日至2024年6月25日（首尾兩天包括在內）可予行使。
 - 該等購股權於2015年1月12日至2024年12月15日（首尾兩天包括在內）可予行使。
 - 該等購股權於2014年12月30日至2024年12月18日（首尾兩天包括在內）可予行使。
 - 該等購股權於2017年11月23日至2027年11月22日（首尾兩天包括在內）可予行使。
 - 該等購股權於2019年4月15日至2029年4月14日（首尾兩天包括在內）可予行使。
 - 本公司將該等購股權的公允值作為員工成本記入收益表。本公司將把按購股權行使價發行的股份的面值（每股0.01港元）入賬為額外股本，而本公司將會把購股權行使價超出股份面值的差額記入其股份溢價賬。任何已失效或已註銷的購股權將自購股權結餘中扣除。

(a) Share Options Granted to a Director and Employees of the Group

On 15 April 2019, 198,245,789 Share Options to subscribe for up to a total of 198,245,789 ordinary shares of HK\$0.01 each of the Company were granted to certain Directors and employees of the Group. The exercise price was HK\$0.1172 per share, which was equal to the average closing price as stated in the daily quotations sheets of the Stock Exchange for five business days immediately preceding the date of grant. The closing price on the date of grant was HK\$0.1150 per share.

(b) Fair Value of Share Options and Assumptions

The fair value of the Share Options granted on 15 April 2019 was approximately RMB10,745,000, which was calculated using the binomial option pricing model (the "Model"). The inputs into the Model were as follows:

Date of grant	15 April 2019
Number of Share Options	198,245,789
Underlying stock price	HK\$0.1150
Strike price	HK\$0.1172
Expected volatility	77.84%
Exercise multiple	2.2 and 2.8
Risk-free rate	1.628%
Annualised dividend yield	0.00%

The Model was used to estimate the fair values of the options. The variables and assumptions used in computing the fair values of the Share Options are based on the Directors' best estimate. Changes in variables and assumptions may result in changes in the fair values of the Share Options.

(a) 授予本集團一名董事及僱員的購股權

於2019年4月15日，本集團若干董事及僱員獲授198,245,789份購股權，以認購本公司最多合共198,245,789股每股面值0.01港元的普通股。行使價為每股0.1172港元，相等於緊接授出當日前五個營業日於聯交所每日報價表所列之平均收市價。授出當日的收市價為每股0.1150港元。

(b) 購股權公平值及假設

於2019年4月15日授出的購股權公允值約為人民幣10,745,000元，乃使用二項式期權定價模式（「該模式」）計算。該模式的輸入值如下：

授出日期	2019年4月15日
購股權數目	198,245,789
相關股份價格	0.1150港元
履約價格	0.1172港元
預期波幅	77.84%
行使倍數	2.2及2.8
無風險利率	1.628%
年度股息收益率	0.00%

該模式乃用於估計購股權的公允值。用以計算購股權的公允值之變數及假設乃基於董事之最佳估計。變數及假設之變動或會導致購股權的公允值產生變化。

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

簡明綜合損益及其他全面收益表

For the six months ended 30 June 2019 截至2019年6月30日止六個月

		Six months ended 30 June 截至6月30日止六個月	
		2019 2019年 RMB'000 人民幣千元 (unaudited) (未經審核)	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)
	Notes 附註		
REVENUE	5	29,298	25,113
Cost of sales		(24,930)	(21,959)
Gross profit		4,368	3,154
Other income and gains	6	11	15,871
Selling and distribution costs		(688)	(317)
Administrative expenses		(19,996)	(18,636)
Impairment allowance of trade receivables, net		(3,193)	-
(Loss)/gain on deregistration/disposal of a subsidiary		(1,094)	882
OPERATING (LOSS)/PROFIT		(20,592)	954
Finance costs	7	(14)	(9)
(LOSS)/PROFIT BEFORE TAX		(20,606)	945
Income tax	8	-	-
(LOSS)/PROFIT FOR THE PERIOD	9	(20,606)	945
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		119	5,232
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		(20,487)	6,177
(Loss)/earnings per share (RMB cents):			
-Basic and diluted	10	(0.73)	0.03

The notes on pages 25 to 44 are an integral part of these condensed consolidated interim financial statements.

第25頁至44頁之附註屬本簡明綜合中期財務報表之一部分。

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

As at 30 June 2019 於2019年6月30日

			30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	12	185,003	189,365
Intangible assets	無形資產		43,732	43,732
Prepaid land lease payments	預付土地租賃款項		–	1,253
Right of use asset	使用權資產		3,023	–
Prepayment	預付款項		51,330	51,642
			283,088	285,992
CURRENT ASSETS	流動資產			
Inventories	存貨		363	369
Trade receivables	貿易應收款項	13	70,581	71,684
Prepayments, deposits and other receivables	預付款項、按金及其 他應收款項		6,985	3,941
Cash and cash equivalents	現金及現金等價物		57,567	65,058
			135,496	141,052
CURRENT LIABILITIES	流動負債			
Trade payables	貿易應付款項	14	2,155	1,814
Obligation under finance lease	融資租賃承擔		–	233
Lease liabilities	租賃負債		1,023	–
Other payables and accruals	其他應付款項及應計費用		18,222	19,264
Provision for litigation	訴訟撥備		1,200	1,200
			22,600	22,511
NET CURRENT ASSETS	流動資產淨額		112,896	118,541
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		395,984	404,533

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

As at 30 June 2019 於2019年6月30日

			30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
		Notes 附註		
NON-CURRENT LIABILITIES	非流動負債			
Lease liabilities	租賃負債		1,194	–
Provision for environmental rehabilitation	環境恢復撥備		2,697	2,697
Deferred tax liabilities	遞延稅項負債		608	608
			4,499	3,305
NET ASSETS	資產淨值		391,485	401,228
EQUITY	權益			
Equity attributable to owners of the Company	本公司擁有人應佔權益			
Share capital	股本	15	24,435	24,435
Reserves	儲備		367,050	376,793
Total equity	總權益		391,485	401,228

The notes on pages 25 to 44 are an integral part of these condensed consolidated interim financial statements.

第25頁至44頁之附註屬本簡明綜合中期財務報表之一部分。

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

For the six months ended 30 June 2019 截至2019年6月30日止六個月

		Issued capital 已發行 股本 RMB'000 人民幣千元	Share premium 股份 溢價 RMB'000 人民幣千元	Capital reserve 資本 儲備 RMB'000 人民幣千元	Contributed reserve 繳入 儲備 RMB'000 人民幣千元	Share option reserve 購股權 儲備 RMB'000 人民幣千元	Foreign currency translation reserve 外幣換算 儲備 RMB'000 人民幣千元	Retained earnings 保留盈利 RMB'000 人民幣千元	Total equity 總權益 RMB'000 人民幣千元
At 1 January 2018 (audited)	於2018年1月1日 (經審核)	24,435	221,144	-	14,480	25,115	(12,860)	137,551	409,865
Total comprehensive income for the period (unaudited)	期內全面收益總額 (未經審核)	-	-	-	-	-	5,232	945	6,177
At 30 June 2018 (unaudited)	於2018年6月30日 (未經審核)	24,435	221,144	-	14,480	25,115	(7,628)	138,496	416,042
At 1 January 2019 (audited)	於2019年1月1日 (經審核)	24,435	221,144	-	14,480	25,115	(2,227)	118,281	401,228
Total comprehensive income for the period (unaudited)	期內全面收益總額 (未經審核)	-	-	-	-	-	119	(20,606)	(20,487)
Grant of share option	授出購股權	-	-	-	-	10,744	-	-	10,744
At 30 June 2019 (unaudited)	於2019年6月30日 (未經審核)	24,435	221,144	-	14,480	35,859	(2,108)	97,675	391,485

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

For the six months ended 30 June 2019 截至2019年6月30日止六個月

For the six months ended 30 June
截至6月30日止六個月

		2019	2018
		2019年	2018年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(unaudited)	(unaudited)
		(未經審核)	(未經審核)
NET CASH USED IN OPERATING ACTIVITIES	經營活動所用現金淨額	(4,553)	(29,187)
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動所得現金流量		
Purchase of property, plant and equipment	購買物業、廠房及設備	(3,214)	(1,266)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	108	—
Interest received	已收利息	1	—
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用現金淨額	(3,105)	(1,266)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動所得現金流量		
Proceeds from addition of lease liabilities	新增租賃負債的所得款項	392	—
Repayments of lease liabilities	償還租賃負債	(196)	(182)
Repayment of interest-bearing loans	償還計息貸款	—	—
Interest paid	已付利息	(14)	(9)
NET CASH GENERATED/(USED IN) FROM FINANCING ACTIVITIES	融資活動所得/(所用)現金淨額	182	(191)
NET DECREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物減少淨額	(7,476)	(30,644)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	期初現金及現金等價物	65,058	168,613
EFFECT OF FOREIGN EXCHANGE	外匯影響	(15)	1,486
CASH AND CASH EQUIVALENTS AT END OF PERIOD	期末現金及現金等價物	57,567	139,455

Notes to the Condensed Consolidated Interim Financial Statements

簡明綜合中期財務報表附註

For the six months ended 30 June 2019 截至2019年6月30日止六個月

1. GENERAL INFORMATION

China Kingstone Mining Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) were principally engaged in the production and sale of marble and marble related products mainly in China.

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands under the name of China Kingstone Mining Holdings Limited on 29 March 2010 and changed its domicile to Bermuda with limited liability on 10 August 2016. The registered office address of the Company is Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda. The principal place of business of the Company in Hong Kong is located at Unit 14, 8/F., Seapower Tower, Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong.

These financial statements are presented in Chinese Renminbi (“RMB”), unless otherwise stated.

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on 28 August 2019.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019 (“Interim Financial Statements”) have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) issued by the International Accounting Standards Board and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Interim Financial Statements do not include all the information and disclosures required in a full set of financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2018 (“2018 Annual Report”).

1. 一般資料

中國金石礦業控股有限公司（「本公司」）及其附屬公司（統稱「本集團」）主要在中國從事大理石及大理石相關產品的生產及銷售。

本公司於2010年3月29日根據開曼群島法例第22章公司法（1961年第3號法例，經綜合及修訂）在開曼群島以中國金石礦業控股有限公司的名稱註冊成立為獲豁免有限公司，並於2016年8月10日遷冊至百慕達以有限公司形式存續。本公司的註冊辦事處地址為Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda。本公司於香港的主要營業地點為香港九龍科學館道1號康宏廣場航天科技大廈8樓14室。

除另有指明外，此等財務報表以中國人民幣（「人民幣」）呈列。

本簡明綜合中期財務報表已於2019年8月28日獲董事會批准刊發。

2. 編製基準

截至2019年6月30日止六個月之未經審核簡明綜合中期財務報表（「中期財務報表」）已根據國際會計準則理事會頒佈的國際會計準則第34號（「國際會計準則第34號」）及香港聯合交易所有限公司證券上市規則（「上市規則」）之適用披露規定編製。

中期財務報表並不包括就編製完整財務報表所需之所有資料及披露，並應與本集團截至2018年12月31日止年度的年度綜合財務報表（「2018年年報」）一併閱讀。

Notes to the Condensed Consolidated Interim Financial Statements

簡明綜合中期財務報表附註

For the six months ended 30 June 2019 截至2019年6月30日止六個月

3. ESTIMATES

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

In preparing the Interim Financial Statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2018.

Except for IFRS 16, Leases, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16 replaces IAS 17, Leases, and the related interpretations, IFRIC 4, Determining whether an arrangement contains a lease, SIC 15, Operating leases-incentives, and SIC 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

3. 估計

根據國際會計準則第34號編製中期財務報表時，管理層須作出影響政策應用及本年度截至現在為止之資產與負債、收益及開支之呈報數額之判斷、估計及假設。實際結果與此等估計可能有差異。

編製中期財務報表時，管理層於應用集團會計政策所作之重大判斷及估計不確定因素之主要來源與截至2018年12月31日止年度之綜合財務報表所應用者一致。

4. 主要會計政策概要

截至2019年6月30日止六個月之簡明綜合財務報表所使用之會計政策及計算方法，與編製本集團截至2018年12月31日止年度之綜合財務報表所遵循者相同。

除國際財務報告準則第16號租賃外，概無任何發展對本集團編製或呈列本集團於本期間或過往期間的業績及財務狀況有重大影響。本集團尚未應用任何在當前會計期間尚未生效的新準則或詮釋。

國際財務報告準則第16號取代國際會計準則第17號租賃及相關詮釋、國際財務報告詮釋委員會詮釋第4號釐定安排是否包括租賃、準則詮釋委員會詮釋第15號經營租賃－優惠及準則詮釋委員會詮釋第27號評估涉及租賃法律形式交易之內容。其就承租人引入單一會計模式，要求承租人就所有租賃確認使用權資產及租賃負債，惟租期為12個月或以下的租賃（「短期租賃」）及低價值資產租賃則除外。轉承自國際會計準則第17號之出租人會計要求大致上維持不變。

Notes to the Condensed Consolidated Interim Financial Statements

簡明綜合中期財務報表附註

For the six months ended 30 June 2019 截至2019年6月30日止六個月

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

4. 主要會計政策概要 (續)

國際財務報告準則第16號亦引入額外的定性及定量披露規定，旨在讓財務報表使用者評估租賃對實體的財務狀況、財務表現及現金流量的影響。

本集團已自2019年1月1日起首次應用國際財務報告準則第16號。本集團已選用經修訂追溯法，並因而確認首次應用的累積影響作為對於2019年1月1日權益期初餘額的調整。比較資料未被重列且繼續根據國際會計準則第17號呈報。

有關過往會計政策變動的性質和影響及所應用的過渡性選擇的進一步詳情載列如下：

a. 租賃的新定義

租賃定義的變動主要與控制權的概念有關。國際財務報告準則第16號根據客戶是否在某一時段內控制已識別資產的使用（其可由指定使用量釐定）而對租賃作出定義。當客戶有權指示已識別資產的用途以及從該用途中獲得絕大部分經濟利益時，即表示擁有控制權。

國際財務報告準則第16號內租賃的新定義僅適用於本集團於2019年1月1日或之後訂立或變更的合約。就於2019年1月1日之前訂立的合約而言，本集團已採用過渡性可行的權宜方法以豁免屬租賃或包含租賃的現有安排的過往評估。因此，先前根據國際會計準則第17號評估為租賃的合約繼續根據國際財務報告準則第16號入賬列為租賃，而先前評估為非租賃服務安排的合約則繼續入賬列為未生效合約。

Notes to the Condensed Consolidated Interim Financial Statements

簡明綜合中期財務報表附註

For the six months ended 30 June 2019 截至2019年6月30日止六個月

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Lessee accounting and transitional impact

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment and land use right.

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates uses for determination of the present value of the remaining lease payments was 5.25%

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

- (i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019;
- (ii) when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics; and

4. 主要會計政策概要 (續)

b. 承租人會計處理及過渡影響

國際財務報告準則第16號剔除先前國際會計準則第17號要求承租人將租賃分類為經營租賃或融資租賃的規定。反之，當本集團為承租人，其須將所有租賃資本化，包括先前根據國際會計準則第17號分類為經營租賃的租賃，惟豁免的該等短期租賃及低價值資產租賃除外。就本集團而言，該等新資本化租賃主要涉及物業、廠房及設備以及土地使用權。

於過渡至國際財務報告準則第16號當日（即2019年1月1日），本集團釐定剩餘租期長短，並就先前分類為經營租賃之租賃按剩餘租賃付款現值計量租賃負債，使用於2019年1月1日之相關增量借貸利率貼現。就釐定餘下租賃付款現值所使用的加權平均增量借貸利率為5.25%。

為方便過渡至國際財務報告準則第16號，本集團於初始應用國際財務報告準則第16號當日應用下列確認例外情況及實際權宜方法：

- (i) 本集團選擇不會就確認剩餘租期為於國際財務報告準則第16號初始應用日期起計12個月內結束（即租期於2019年12月31日或之前到期）之租賃當中租賃負債及使用權資產，應用國際財務報告準則第16號之規定；
- (ii) 當計量於初始應用國際財務報告準則第16號當日之租賃負債時，本集團對具有合理相似特徵之租賃組合應用單一貼現率；及

Notes to the Condensed Consolidated Interim Financial Statements

簡明綜合中期財務報表附註

For the six months ended 30 June 2019 截至2019年6月30日止六個月

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Lessee accounting and transitional impact (Continued)

(iii) when measuring the right-of-use assets at the date of initial application of IFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as disclosed in note 35(a) as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019.

		1 January 2019 2019年 1月1日 RMB'000 人民幣千元
Operating lease commitments at 31 December 2018	於2018年12月31日之經營租賃承擔	2,060
Less: commitments relating to leases exempt from capitalisation: –Short-term lease which is early terminate on or before 30 June 2019	減：有關豁免資本化的租賃承擔：–於2019年6月30日或之前提早終止的短期租賃	(2,060)
Total lease liabilities recognised at 1 January 2019	於2019年1月1日確認之租賃負債總額	–

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.

b. 承租人會計處理及過度影響 (續)

(iii) 當計量於初始應用國際財務報告準則第16號當日之使用權資產時，本集團依賴先前於2018年12月31日對繁重合約條文作出之評估，以替代進行減值審閱。

下表載列於附註35(a)內披露之於2018年12月31日之經營租賃承擔與於2019年1月1日確認之租賃負債期初結餘之對賬。

與先前分類為經營租賃之租賃有關之使用權資產已按相當於剩餘租賃負債已確認金額之金額確認，並就於2018年12月31日財務狀況表確認之租賃有關之任何預付或應計租賃付款金額作出調整。

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簡明綜合中期財務報表附註

For the six months ended 30 June 2019 截至2019年6月30日止六個月

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Lessee accounting and transitional impact

(Continued)

So far as the impact of the adoption of IFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of IFRS 16, other than changing the captions for the balances. Accordingly, instead of "obligations under finance leases", these amounts are included within "lease liabilities", and the depreciated carrying amount of the corresponding leased assets is identified as right-of-use assets. There is no impact on the opening balance of equity.

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

4. 主要會計政策概要 (續)

b. 承租人會計處理及過度影響 (續)

就採用國際財務報告準則第16號對先前分類為融資租賃之租賃的影響而言，除非更改結餘說明外，本集團毋須於首次應用國際財務報告準則第16號當日作出任何調整。因此，該等金額並非計入「融資租賃承擔」，而是計入「租賃負債」內，相應租賃資產的折舊賬面值確認為使用權資產。此對權益的期初結餘並無影響。

下表概述採納國際財務報告準則第16號對本集團綜合財務狀況表之影響：

Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:	Carrying amount at 31 December 2018 於2018年12月31日的賬面值 RMB'000 人民幣千元	Capitalisation of operating lease 經營租賃資本化 RMB'000 人民幣千元	Reclassification of lease prepayments and obligation under finance lease 重新分類租賃預付款項及融資租賃承擔 RMB'000 人民幣千元	Carrying amount at 1 January 2019 於2019年1月1日的賬面值 RMB'000 人民幣千元
Right-of-use assets	-	-	1,253	1,253
Lease prepayments	1,253	-	(1,253)	-
Total non-current assets	285,992	-	-	285,992
Total current assets	141,052	-	-	141,052
Lease liabilities (current)	-	-	233	233
Obligation under finance lease (current)	233	-	(233)	-
Current liabilities	22,511	-	-	22,511
Net current assets	118,541	-	-	118,541
Total assets less current liabilities	404,533	-	-	404,533
Lease liabilities (non-current)	-	-	201	201
Obligation under finance lease (non-current)	201	-	(201)	-
Total non-current liabilities	3,305	-	-	3,305
Net assets	401,228	-	-	401,228

Notes to the Condensed Consolidated Interim Financial Statements

簡明綜合中期財務報表附註

For the six months ended 30 June 2019 截至2019年6月30日止六個月

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of comprehensive income, as compared to the results if IAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

5. REVENUE AND OPERATING SEGMENT INFORMATION

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

The Group's revenue and contribution to profit were mainly derived from its sale of marble and marble related products, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. In addition, the principal assets employed by the Group are located in Sichuan Province, the PRC.

Accordingly, no segment analysis is presented other than entity-wide disclosures.

4. 主要會計政策概要 (續)

c. 對本集團的財務業績、分部業績及現金流量的影響

在於2019年1月1日首次確認使用權資產及租賃負債後，本集團（作為承租人）須確認租賃負債的未償還結餘中產生的利息開支以及使用權資產的折舊，而非應用過往以直線基準於租期內確認經營租賃產生的租賃開支的政策。與倘於年內應用國際會計準則第17號所得的業績相比，此對本集團綜合全面收益表中錄得的經營溢利產生正面影響。

於現金流量表內，本集團（作為承租人）須將資本化租賃所支付的租金分為本金部分及利息部分，該等部分分類為融資現金流出（與先前根據國際會計準則第17號分類為融資租賃的租賃之做法類似），而非經營現金流出（如國際會計準則第17號項下有關經營租賃之做法）。雖然現金流量總額未受影響，但採納國際財務報告準則第16號導致現金流量報表內的現金流量呈列發生顯著變化。

5. 收入及經營分部資料

收入指已售貨品的淨發票值，扣除貿易折扣及退回。

本集團的收入及對利潤的貢獻主要源自大理石及大理石相關產品的銷售，其被視作單一可報告分部，與內部向本集團的高級管理層報告資料作資源分配及表現評估用途的方式一致。此外，本集團使用的主要資產均位於中國四川省。

因此，除整個實體披露外，未有呈列分部分析。

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5. REVENUE AND OPERATING SEGMENT INFORMATION (Continued) 5. 收入及經營分部資料 (續)

Entity-wide disclosures

Information about products

The following table sets forth the total revenue from external customers by product and the percentage of total revenue during the period:

		Six months ended 30 June 截至6月30日止六個月			
		2019		2018	
		2019年		2018年	
		RMB'000		RMB'000	
		人民幣千元	%	人民幣千元	%
		(unaudited)		(unaudited)	
		(未經審核)		(未經審核)	
Marble slags	大理石礦渣	13,635	47	5,071	20
Marble slabs	大理石板材	15,663	53	20,042	80
		29,298	100	25,113	100

整個實體披露

有關產品的資料

下表載列期內按產品劃分來自外部客戶的總收入及佔總收入的百分比：

6. OTHER INCOME AND GAINS

6. 其他收入及收益

		Six months ended 30 June 截至6月30日止六個月	
		2019	2018
		2019年	2018年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		(unaudited)	(unaudited)
		(未經審核)	(未經審核)
Bank interest income	銀行利息收入	1	1
Miscellaneous	雜項	10	170
Reversal of provision for litigation	訴訟撥備撥回	-	15,700
		11	15,871

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7. FINANCE COSTS

7. 財務成本

		Six months ended 30 June 截至6月30日止六個月	
		2019 2019年 RMB'000 人民幣千元 (unaudited) (未經審核)	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)
Finance leases charges	融資租賃費用	14	9
		14	9

8. INCOME TAX

8. 所得稅

		Six months ended 30 June 截至6月30日止六個月	
		2019 2019年 RMB'000 人民幣千元 (unaudited) (未經審核)	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)
Current tax	即期稅項	-	-
Deferred tax	遞延稅項	-	-
		-	-

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC is 25% for the six months ended 30 June 2019 and 2018.

根據中國企業所得稅法(「企業所得稅法」)及企業所得稅法實施規例，本公司於中國之附屬公司於截至2019年及2018年6月30日止六個月之稅率為25%。

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9. (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the period is arrived at after charging:

9. 期內(虧損)/溢利

本集團之期內(虧損)/溢利已扣除以下各項:

		Six months ended 30 June 截至6月30日止六個月	
		2019 2019年 RMB'000 人民幣千元 (unaudited) (未經審核)	2018 2018年 RMB'000 人民幣千元 (unaudited) (未經審核)
Amortisation of intangible assets	無形資產攤銷	-	18
Depreciation of items of property, plant and equipment	物業、廠房及設備項目折舊	6,029	6,241
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	426	2,052
Share option expenses	購股權開支	10,745	-

10. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on a loss of approximately RMB20,606,000 attributable to owners of the Company for the six months ended 30 June 2019 (six months ended 30 June 2018: a profit of approximately RMB945,000) and the weighted average number of 2,832,083,000 (six months ended 30 June 2018: 2,832,083,000) ordinary shares in issue during the period.

10. 每股(虧損)/盈利

(a) 每股基本(虧損)/盈利

本公司擁有人應佔每股基本(虧損)/盈利乃根據截至2019年6月30日止六個月之本公司擁有人應佔虧損約人民幣20,606,000元(截至2018年6月30日止六個月:溢利約人民幣945,000元)及期內已發行普通股加權平均數2,832,083,000股(截至2018年6月30日止六個月:2,832,083,000股)計算得出。

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10. (LOSS)/EARNINGS PER SHARE (Continued)

(b) Diluted (loss)/earnings per share

The calculation of diluted loss per share had not taken into consideration the assumed exercise of the Company's outstanding share options during the six months ended 30 June 2019 as it had an anti-dilutive effect on the basic loss per share.

Diluted earnings per share for the six months ended 30 June 2018 was the same as the basic earnings per share because the computation of diluted earnings per share did not assume the exercises of the Company's outstanding share options as the exercise price of the share option exceeded the average market price of ordinary shares during the period.

11. DIVIDEND

The Directors do not recommend the payment of any dividend for each of the six months ended 30 June 2019 and 2018.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired plant and machinery at a cost of RMB3,214,000 (2018: Plant and machinery at a cost of RMB1,266,000).

10. 每股(虧損)/盈利(續)

(b) 每股攤薄(虧損)/盈利

計算每股攤薄虧損並無計及假設於截至2019年6月30日止六個月行使本公司尚未行使之購股權，因其對每股基本虧損具反攤薄效果。

截至2018年6月30日止六個月之每股攤薄虧損與每股基本盈利相同，此乃由於計算每股攤薄盈利並無假設行使本公司之尚未行使購股權，原因為期內購股權行使價超過普通股平均市價。

11. 股息

董事並不建議就截至2019年及2018年6月30日止六個月各期間派付任何股息。

12. 物業、廠房及設備

截至2019年6月30日止六個月，本集團收購成本為人民幣3,214,000元之廠房及機器(2018年：成本為人民幣1,266,000元之廠房及設備)。

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13. TRADE RECEIVABLES

13. 貿易應收款項

		30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
Trade receivables	貿易應收款項	184,956	182,782
less: impairment	減：減值	(114,375)	(111,098)
		70,581	71,684

An aged analysis of trade receivables, as at the end of the reporting periods based on the goods delivery date, and net of impairments, is as follows:

於報告期末，根據貨品交付日期，貿易應收款項（已扣除減值）的賬齡分析如下：

		30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
0 to 90 days	0至90日	2,893	2,878
91 to 180 days	91至180日	15,963	33,060
181 to 365 days	181至365日	34,914	16,632
Over 1 year	1年以上	16,811	19,114
		70,581	71,684

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13. TRADE RECEIVABLES (Continued)

Reconciliation of allowance for trade receivables:

		30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
At beginning of period/year	於期／年初	111,098	102,791
Allowance for the period/year	期／年內撥備	3,552	8,307
Amount recovered during the period	於期內回收的金額	(336)	–
Exchange realignment	匯兌調整	61	–
At end of period/year	於期／年末	114,375	111,098

The Group's trading terms with its customers are mainly on credit. The credit period is generally three month. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Trade receivables are non-interest-bearing.

As at 30 June 2019, included in trade receivables past due but not impaired were trade receivable of approximately RMB10,352,000 (as at 31 December 2018: RMB10,352,000) secured by certain properties in the PRC as collateral.

13. 貿易應收款項 (續)

貿易應收款項之撥備對賬如下：

	30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
At beginning of period/year	111,098	102,791
Allowance for the period/year	3,552	8,307
Amount recovered during the period	(336)	–
Exchange realignment	61	–
At end of period/year	114,375	111,098

本集團與其客戶的貿易條款主要為信貸形式。本集團設法對其尚未收回應收款項實施嚴格控制以盡量減低信貸風險。貿易應收款項為不計息。

於2019年6月30日，貿易應收款項包括已逾期，惟尚未減值的貿易應收款項約10,352,000元（於2018年12月31日：人民幣10,352,000元），以若干中國物業作為抵押品。

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14. TRADE PAYABLES

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

		30 June 2019 2019年 6月30日 RMB'000 人民幣千元 (unaudited) (未經審核)	31 December 2018 2018年 12月31日 RMB'000 人民幣千元 (audited) (經審核)
0 to 60 days	0至60日	1,985	1,765
61 to 120 days	61至120日	–	–
121 to 180 days	121至180日	–	–
Over 180 days	180日以上	170	49
		2,155	1,814

15. SHARE CAPITAL

Ordinary shares of HK\$0.01
每股面值0.01港元之普通股

At 1 January 2018 and
31 December 2018,
at 1 January 2019 and 30 June 2019

15. 股本

Number of
shares
'000
RMB'000
股份數目
千股
人民幣千元

於2018年1月1日及
2018年12月31日、2019年1月1日
及2019年6月30日

2,832,083
24,435

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16. SHARE OPTION SCHEME

2011 Option Scheme

The Company has adopted a share option scheme (the "2011 Option Scheme") on 24 January 2011 for the purpose of giving its employees, directors, advisers, consultants and business partners an opportunity to have a personal stake in the Company and help motivate them to optimize their future performance and efficiency and/or to reward them for their past contributions, to attract and retain or otherwise maintain on going relationships with such employees, advisers, consultants and business partners who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Company.

The following share options were outstanding under the 2011 Option Scheme during the reporting period:

16. 購股權計劃

2011年購股權計劃

本公司於2011年1月24日採納一項購股權計劃（「2011年購股權計劃」），旨在給予其僱員、董事、顧問、諮詢人和業務夥伴機會，於本公司擁有個人權益，並激勵彼等提升其未來表現及效率及／或為彼等過去的貢獻向彼等作出獎勵，並吸引和挽留該等在本公司中擔當重要角色及／或其貢獻目前或將有利於本公司的表現、增長或成功的僱員、顧問、諮詢人和業務夥伴或以其他方式與彼等維持持續關係。

於報告期內，根據2011年購股權計劃尚未行使的購股權如下：

		30 June 2019 2019年6月30日		31 December 2018 2018年12月31日	
		Weighted average exercise price per share 每股加權 平均行使價 HK\$ 港元	Number of options 購股權數目 '000 千股	Weighted average exercise price per share 每股加權 平均行使價 HK\$ 港元	Number of options 購股權數目 '000 千股
At beginning of reporting period	於報告期初	0.66	65,002	0.66	65,002
Granted during the year	年內授出	0.1172	198,246	-	-
Lapsed during the year	年內失效	-	-	-	-
Outstanding at end of reporting period	於報告期末尚未行使	0.25	263,248	-	-
Exercisable at end of reporting period	於報告期末可行使	0.25	263,248	0.66	65,002

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16. SHARE OPTION SCHEME (Continued)

2011 Option Scheme (Continued)

The exercise price and exercise period of those share options outstanding under the 2011 Option Scheme as at 30 June 2018 and 31 December 2017 are as follows:

	Number of options 購股權數目 '000 千股	Exercise price per share 每股行使價 HK\$ 港元	Exercise period 行使期
At 30 June 2019 於2019年6月30日	1,351	7.97	Three tranches in proportion of 50%, 25% and 25% exercisable from 4 November 2011, 4 November 2012 and 4 November 2013 to 3 November 2021, respectively. 按50%、25%及25%的比例分作三批，分別自2011年11月4日、2012年11月4日及2013年11月4日起至2021年11月3日止可予行使。
	3,464	1.74	From 26 June 2014 to 25 June 2024 自2014年6月26日起至2024年6月25日止
	3,290	1.74	From 9 June 2014 to 8 June 2024 自2014年6月9日起至2024年6月8日止
	4,849	1.63	From 30 December 2014 to 18 December 2024 15,230,769 options offered may be exercised on or after 30 December 2014; and 30,461,539 options offered may be exercised on or after 19 December 2015. 自2014年12月30日起至2024年12月18日止，授出的15,230,769份購股權可於2014年12月30日或之後行使；授出的30,461,539份購股權可於2015年12月19日或之後行使。
	4,848	1.65	From 12 January 2015 to 15 December 2024 自2015年1月12日起至2024年12月15日止
	47,200	0.0972	From 23 November 2017 to 22 November 2027 自2017年11月23日起至2027年11月22日止
	198,246	0.1172	From 15 April 2019 to 14 April 2029 自2019年4月15日起至2029年4月14日止

16. 購股權計劃 (續)

2011年購股權計劃 (續)

於2018年6月30日及2017年12月31日，該等於2011年購股權計劃項下尚未行使的購股權的行使價和行使期如下：

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16. SHARE OPTION SCHEME (Continued)

2011 Option Scheme (Continued)

	Number of options 購股權數目 '000 千股	Exercise price per share 每股行使價 HK\$ 港元	Exercise period 行使期
At 31 December 2018 於2018年12月31日	1,351	7.97	Three tranches in proportion of 50%, 25% and 25% exercisable from 4 November 2011, 4 November 2012 and 4 November 2013 to 3 November 2021, respectively. 按50%、25%及25%的比例分作三批，分別自2011年11月4日、2012年11月4日及2013年11月4日起至2021年11月3日止可予行使。
	3,464	1.74	From 26 June 2014 to 25 June 2024 自2014年6月26日起至2024年6月25日止
	3,290	1.74	From 9 June 2014 to 8 June 2024 自2014年6月9日起至2024年6月8日止
	4,849	1.63	From 19 December 2014 to 18 December 2024 12,000,000 options offered may be exercised on or after 19 December 2014; and 24,000,000 options offered may be exercised on or after 19 December 2015. 自2014年12月19日起至2024年12月18日止，授出的12,000,000份購股權可於2014年12月19日或之後行使；及授出的24,000,000份購股權可於2015年12月19日或之後行使。
	4,848	1.65	From 12 January 2015 to 15 December 2024 自2015年1月12日起至2024年12月15日止
	47,200	0.0972	From 23 November 2017 to 22 November 2027 自2017年11月23日起至2027年11月22日止

No share options were granted during the six months ended 30 June 2018 and 2019.

於截至2018年及2019年6月30日止六個月並無授出購股權。

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17. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2019, the Group had the following material transaction with related parties:

(a) Key Management Compensation

Salaries, wages and other benefits	薪金、工資及其他福利	618	1,425
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17. 關連方交易

於截至2019年6月30日止六個月，本集團與關連方有以下重大交易：

(a) 主要管理層酬金

For the six months ended 30 June
截至6月30日止六個月

2019	2018
2019年	2018年
RMB'000	RMB'000
人民幣千元	人民幣千元
(unaudited)	(unaudited)
(未經審核)	(未經審核)

18. LITIGATIONS

(a) On 13 May 2015, the Company entered into an underwriting agreement with Royal Moon International Limited ("Royal Moon") for raising approximately HK\$121 million by way of open offer on the basis of one offer Shares for every two existing Shares. Under the underwriting obligation, Royal Moon has paid funds of HK\$66.85 million for 668,040,194 Shares to the Company through its financier, Zhangtai International Wealth Management Limited (the "Plaintiff"), however, as a result of a Hong Kong Court decision dated 3 July 2015, Royal Moon, under the underwriting obligation, only had to subscribe 54,577,056 Shares at the price of HK\$5.5 million. As such, this left a balance of the funds of HK\$61.4 million in the open offer bank account of the Company. The Company returned the balance of fund to Royal Moon on 7 July 2015.

On 22 August 2018, the High Court of Hong Kong Special Administrative Region ("High Court") handed down a judgement to dismiss the application for summary judgment from the Plaintiff for a claim that the Company is liable to account to the Plaintiff for wrongfully returning the balance of fund of approximately HK\$61.4 million from the open offer bank account of the Company to Royal Moon on the ground of the alleged breach of trust and/or breach of equitable/fiduciary duties.

18. 訴訟

(a) 於2015年5月13日，本公司與皇月國際有限公司（「皇月」）訂立包銷協議，內容有關按每持有兩股現有股份可獲發一股發售股份的公開發售方式籌集約121,000,000港元。根據包銷責任，皇月已透過其融資人中泰國際資產管理有限公司（「原告」）就668,040,194股股份向本公司支付資金66,850,000港元，然而，由於香港法院在2015年7月3日作出一項裁決，判定皇月僅須根據包銷責任按5,500,000港元的價格認購54,577,056股股份，故此導致本公司公開發售銀行賬戶中留下61,400,000港元的資金結餘。本公司已於2015年7月7日向皇月退還該資金結餘。

於2018年8月22日，香港特別行政區高等法院（「高等法院」）作出一項判決，駁回原告提出的簡易判決申請，內容有關指稱本公司因違反信託及／或違反衡平法／受信責任錯誤地將資金結餘約61,400,000港元從本公司公開發售銀行賬戶退還至皇月而有責任向原告作出交代。

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18. LITIGATIONS (Continued)

(a) (continued)

The Plaintiff is claiming for equitable compensation and/or damages, and/or account of profits on the ground of the Company's breach of trust, together with an order to pay to the Plaintiff such sum as may be found due or payable, including relevant interests and costs. The Plaintiff is also seeking for a declaration that the Company is liable to account to the Plaintiff for the balance of the fund in the open offer account of the Company or such other sum as the Court thinks fit on the ground of its breach of trust.

The Company considered no provision made for the case as this proceeding is still at its early stage. This litigation case is still in progress.

- (b) On 8 August 2018, the Company received a writ of summons (the "Writ") issued in the Court of First Instance of the High Court of Hong Kong under Commercial List Action No. 5 of 2018 (the "Action") by Mr. Li Jiaju (the "Plaintiff") against Kinwin International Investment Limited (the "1st Defendant"), a company wholly owned by a former director of the Company, the Company (the "2nd Defendant") and the former director of the Company (the "3rd Defendant"), in relation to a claim for the sum of approximately HK\$23.7 million plus interest and costs against the 1st Defendant or alternatively, a claim for a sum of approximately HK\$21.2 million plus interest and costs against the Company or alternatively a claim for the sum owned by the 1st Defendant against the 3rd Defendant, pursuant to a loan agreement between the Plaintiff and the 1st Defendant and an alleged deed of assignment that was executed between the Plaintiff, 1st Defendant, the 2nd Defendant.

The Company considered no provision made for the case as this proceeding is still at its early stage. The litigation case is still in progress.

18. 訴訟 (續)

(a) (續)

原告主張，因本公司違反信託，原告應得到衡平法補償及／或損害賠償及／或交出利潤，並應獲得頒令責成本公司向原告支付可能被認為到期或應付的金額，包括相關利息及成本。原告亦尋求一項聲明，表示本公司有責任就本公司公開發售賬戶中的資金結餘或法院基於本公司違反信託而認為適當的有關其他金額向原告作出交代。

本公司認為毋須就此案作出撥備，原因為此訴訟仍處於早期。本訴案仍在進行中。

- (b) 於2018年8月8日，本公司接獲李家駒先生（「原告」）根據2018年商業類別訴訟第5號（「訴訟」）於香港高等法院原訴法庭針對建勝國際投資有限公司（「第一被告」，一間由本公司前任董事全資擁有之公司）、本公司（「第二被告」）及本公司前任董事（「第三被告」）發出的傳訊令狀（「令狀」），內容有關根據原告與第一被告訂立之貸款協議及原告與第一被告、第二被告簽立之一份聲稱轉讓契據，提出針對第一被告的約23,700,000港元另加利息及成本之申索，或針對本公司的約21,200,000港元另加利息及成本之申索，或針對第三被告的有關第一被告所欠金額之申索。

本公司認為毋須就此案作出撥備，原因為此訴訟仍處於早期。本訴案仍在進行中。

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18. LITIGATIONS (Continued)

- (c) On 12 March 2019, the Company received a notification of proceeding served by Guangzhou City Huangpu district People's Court pursuant to which Mr. Caiyou (the "Plaintiff") commenced a legal proceedings against Sichuan Jinshida (a wholly-owned subsidiary of the Company) (the "1st Defendant"), Kingstone Guangzhou, (the "2nd Defendant") and other, due to the disputes of an agreement dated 9 August 2013 for assignment of loan between Sichuan Jinshida (as assignor) Mr. Cao You ("Mr. Cao") (as assignee) and Guangdong Huaxia Financial Guarantee Co., (as guarantor of the assignment agreement) pursuant to which Sichuan Jinshida has agreed to assign and Mr. Cai has agreed to accept Sichuan Jinshida's rights, title, interest and benefits in and to the Loan at a total consideration of RMB40,000,000.

Pursuant to the civil complaint, the plaintiff claims against Sichuan Jinshida and other defendants (i) to rescind the assignment agreement and an alleged supplemental agreement, (ii) to return the deposit and part of consideration in amount of RMB8.0 million in aggregate, (iii) to pay compensation of RMB5.0 million.

A provision for litigation of RMB1.2 million regarding this case was made in previous year. The litigation case is in progress.

18. 訴訟 (續)

- (c) 於2019年3月12日，本公司接獲廣州市黃埔區人民法院送達之訴訟通知，據此，蔡有先生（「原告」）因對四川金時達（作為轉讓人）、蔡有先生（「蔡先生」，作為承讓人）及廣東華夏融資擔保有限公司（作為轉讓協議之擔保人）之間訂立的日期為2013年8月9日之轉讓貸款協議存有爭議而針對本公司之全資附屬公司四川金時達（「第一被告」）、金石廣州（「第二被告」）等提出訴訟，根據該協議，四川金時達已同意轉讓且蔡先生已同意接納四川金時達對該筆貸款享有之權利、所有權、權益及利益，總代價為人民幣40,000,000元。

根據該民事起訴狀，原告要求四川金時達及其他被告(i)撤銷該轉讓協議及聲稱補充協議，(ii)退還按金及部分代價合共人民幣8,000,000元，(iii)支付賠償金人民幣5,000,000元。

本公司已於去年就此案作出訴訟撥備人民幣1,200,000元。本訴案仍在進行中。



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