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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Kingstone Mining Holdings Limited (the “Company”), you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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 with limited liability)

(Stock Code: 1380)

**(1) PROPOSED CHANGE OF DOMICILE;
(2) PROPOSED ADOPTION OF MEMORANDUM OF CONTINUANCE
AND NEW BYE-LAWS;
(3) PROPOSED REDUCTION OF SHARE PREMIUM;
(4) PROPOSED CAPITAL REORGANISATION;
AND
(5) NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the EGM to be held at 4:00 p.m. on Friday, 26 February 2016 at 3/F., Jasmine Room of Best Western Plus Hotel Hong Kong at 308 Des Voeux Road West, Hong Kong, is set out on pages 55 to 59 of this circular. A form of proxy for use by the Shareholders at the EGM is enclosed herewith.

Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting thereof should you so wish. This circular is published on the HKExnews website at <http://www.hkexnews.hk> and on the website of the Company at www.kingstonemining.com.

5 February 2016

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EXPECTED TIMETABLE

The expected timetable for implementation of the Change of Domicile, the Adoption of Memorandum of Continuance and New Bye-laws, the Reduction of Share Premium Account and the Capital Reorganisation is set out below:

Latest time for lodging proxy forms for the EGM 4:00 p.m. on
Wednesday, 24 February 2016

Latest time for lodging transfer to be entitled
to attend and vote at the EGM 4:30 p.m. on
Wednesday, 24 February 2016

Closure of the register of members for registering
transfer of Shares Thursday, 25 February 2016 to
Friday, 26 February 2016
(both dates inclusive)

EGM 4:00 p.m. on
Friday, 26 February 2016

Publication of announcement of poll results of the EGM Friday, 26 February 2016

The following events are conditional on the fulfilment of the conditions for the implementation of the Change of Domicile, the Adoption of Memorandum of Continuance and New Bye-laws, Reduction of Share Premium and the Capital Reorganisation

Expected effective date of the Change of Domicile and
the Adoption of Memorandum of Continuance and
New Bye-laws On or after Friday, 18 March 2016
(Bermuda time)/on or after
Saturday, 19 March 2016 (Hong Kong time)

Expected effective date of the Reduction of
Share Premium 9:00 a.m. on
Friday, 8 April 2016

Dealing in Consolidated Shares commences 9:00 a.m. on
Friday, 8 April 2016

First day of free exchange of existing share certificates
for new share certificates Friday, 8 April 2016

Expected effective date of the Capital Reorganization Friday, 8 April 2016

Original counter for trading in Existing Shares of
board lots of 10,000 shares temporarily closes 9:00 a.m. on
Friday, 8 April 2016

EXPECTED TIMETABLE

Temporary counter for trading in New Shares of
board lots of 1,000 Consolidated Shares
(in the form of existing share certificates) opens 9:00 a.m. on
Friday, 8 April 2016

Original counter for trading in Consolidated Shares
in board lots of 10,000 Consolidated Shares
(in the form of new share certificates for
Consolidated Shares) re-opens 9:00 a.m. on
Friday, 22 April 2016

Parallel trading in Consolidated Shares (in the form
of existing share certificates and
new share certificates) commences 9:00 a.m. on
Friday, 22 April 2016

Designated broker starts to stand in the market to
provide matching services for the odd lots of
Consolidated Shares 9:00 a.m. on
Friday, 22 April 2016

Parallel trading in Consolidated Shares
(in the form of existing share certificates and
new share certificates) ends 4:00 p.m. on
Friday, 13 May 2016

Temporary counter for trading in board lots of
1,000 Consolidated Shares (in the form of
existing share certificates) closes 4:00 p.m. on
Friday, 13 May 2016

Designated broker ceases to stand in the market
to provide matching services for the odd lots of
Consolidated Shares 4:00 p.m. on
Friday, 13 May 2016

Last day for free exchange of existing share
certificates for new share certificates for
Consolidated Shares Friday, 20 May 2016

All times and dates specified in the timetable above refer to Hong Kong times and
dates unless otherwise specified.

The timetable is indicative only and may be extended or varied. Any change to the
expected timetable above will be announced by the Company as and when appropriate.

DEFINITIONS

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

“Adoption of Memorandum of Continuance and New Bye-laws”	the proposed adoption of the Memorandum of Continuance and the New Bye-laws in compliance with the laws of Bermuda to replace, respectively, the memorandum of association and the articles of association of the Company
“Articles”	the existing articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Capital Reduction”	the proposed reduction of the issued share capital of the Company through (a) the rounding down of the total number of Consolidated Shares in the issued share capital of the Company to a whole number by canceling any fraction in the issued share capital of the Company arising from the Share Consolidation, and (b) a cancellation of the paid-up capital of the Company to the extent of HK\$0.99 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.01
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Share Consolidation, the Capital Reduction and the Share Subdivision
“CCASS”	Central Clearing and Settlement System established and operated by HKSCC
“Change of Domicile”	the proposed change of domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda
“Companies Act”	the Companies Act 1981 of Bermuda
“Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended, consolidated or supplemented from time to time
“Company”	China Kingstone Mining Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange

DEFINITIONS

“Consolidated Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company immediately after the Share Consolidation becoming effective but before the Capital Reduction and the Share Subdivision becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, the Change of Domicile, the Adoption of Memorandum of Continuance and New Bye-laws, the Reduction of Share Premium and the Capital Reorganisation
“Existing Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	3 February 2016, being the latest practicable date prior to printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“M&A Amendment”	to amend the existing memorandum and articles of association of the Company by adding a new article to it
“Memorandum of Continuance”	a memorandum of continuance of the Company proposed to be adopted by the Company and to take effect upon continuation of the Company in Bermuda
“New Bye-laws”	a new set of bye-laws of the Company proposed to be adopted by the Company and to take effect upon continuation of the Company in Bermuda
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective

DEFINITIONS

“Pre-IPO Share Options”	the outstanding Pre-IPO share options granted under the Pre-IPO share option scheme of the Company
“Reduction of Share Premium”	the proposed reduction of the entire amount standing to the credit of the share premium account of the Company to nil
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Share Consolidation”	the proposed consolidation of every ten issued and unissued Existing Shares into one Consolidated Share
“Share Options”	the outstanding share options granted under the share option schemes of the Company
“Share Subdivision”	the proposed sub-division of each of the authorised but unissued Consolidated Share of HK\$1.00 par value into 100 New Shares of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Existing Share(s), the Consolidated Share(s), and/or the New Share(s), as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.



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 with limited liability)

(Stock Code: 1380)

Executive Directors:

Mr. Wang Minliang (*Chairman*)
Mr. Zhang Jianzhong
Mr. Zhang Weijun
Ms. Zhang Cuiwei

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Independent Non-executive Directors:

Mr. Ma Ho Yin
Ms. Wang Yihua
Mr. Sheng Guoliang

*Principal place of business
in Hong Kong:*

Unit 6812-13, 68/F
The Center
99 Queen's Road Central
Hong Kong

5 February 2016

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED CHANGE OF DOMICILE;
(2) PROPOSED ADOPTION OF MEMORANDUM OF CONTINUANCE
AND NEW BYE-LAWS;
(3) PROPOSED REDUCTION OF SHARE PREMIUM;
(4) PROPOSED CAPITAL REORGANISATION;
AND
(5) NOTICE OF EXTRAORDINARY GENERAL MEETING**

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the announcement of the Company dated 27 January 2016 and the clarification announcement of the Company dated 28 January 2016, where the Company proposed to implement the following proposals:

- (i) to change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda;
- (ii) to adopt the Memorandum of Continuance and the New Bye-laws in compliance with Bermuda laws to replace, respectively, the existing memorandum of association and the articles of association of the Company;
- (iii) to reduce the entire credit standing to the share premium account of the Company to nil and the credit arising from such reduction be transferred to an existing account of the Company designated as the contributed surplus account of the Company upon the Change of Domicile becoming effective; and
- (iv) to implement the Capital Reorganisation upon the Change of Domicile becoming effective.

The purpose of this circular is to provide you with information regarding the above proposals and to give you notice of the EGM.

PROPOSED CHANGE OF DOMICILE

The Board proposes to change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda and to adopt the new Memorandum of Continuance and New Bye-laws in compliance with the laws of Bermuda to replace the existing memorandum and articles of association of the Company.

To facilitate the Change of Domicile, it is proposed that the existing memorandum and articles of association of the Company be amended by adding a new article to it. Full text of the M&A Amendment is set out in resolution number 1 of the notice of the EGM. The Board also proposes to implement the Capital Reorganisation upon the Change of Domicile becoming effective.

LETTER FROM THE BOARD

Conditions of the Change of Domicile

The Change of Domicile is conditional upon:

- (i) the passing of the necessary special resolutions by the Shareholders at the EGM to approve, amongst other things, the M&A Amendment, the Change of Domicile, the Adoption of Memorandum of Continuance and New Bye-laws, the Reduction of Share Premium, and the proposed Capital Reorganisation;
- (ii) compliance with the relevant requirements under the Listing Rules and the relevant legal procedures and requirements under the laws of the Cayman Islands and the laws of Bermuda in respect of the Change of Domicile; and
- (iii) the obtaining of all necessary approvals from the relevant regulatory authorities or otherwise as may be required in respect of the Change of Domicile, if required.

The Change of Domicile is not conditional upon the Capital Reorganisation becoming effective. However, the Capital Reorganisation is conditional upon the Change of Domicile becoming effective.

Effect of the Change of Domicile

Other than the expenses to be incurred, the Change of Domicile will not alter the underlying assets, investments, management or financial position of the Company nor the proportionate interests of the Shareholders. The Company's legal advisers as to the laws of the Cayman Islands and Bermuda are of the view that the continuation of the Company in Bermuda does not create a new legal entity or prejudice or affect the continuity of the Company. The Company will continue to maintain a principal place of business in Hong Kong.

The Change of Domicile also will not involve the formation of a new holding company, the withdrawal of listing of the Existing Shares, any issue of new Existing Shares, any transfer of assets of the Company or any change in the existing shareholding of the Company. Implementation of the Change of Domicile will not affect the listing status of the Company on the Stock Exchange.

Reasons for the Change of Domicile

As advised by the Company's legal advisers as to the laws of the Cayman Islands, if the Company proceeds with the Capital Reorganisation, which include, amongst other things, the Capital Reduction in the Cayman Islands, the sanction by the Grand Court of the Cayman Islands would be required, and such sanction cannot be obtained in a commercially expedient time frame. If the Capital Reorganisation will be effected by way of a change of domicile of the Company from the Cayman Islands to Bermuda through de-registration in the Cayman Islands and continuation in Bermuda, the legal advisers of the Company as to the laws of the Cayman Islands and Bermuda advised that no court order is required in the Cayman Islands or Bermuda for the Change of Domicile and the Capital Reorganisation

LETTER FROM THE BOARD

after de-registration of the Company in Cayman Islands and its continuation in Bermuda. The Board considers that it would save the Company's time for carrying out the Capital Reorganisation in Bermuda by first implementing the Change of Domicile.

The Board believes that the Change of Domicile is beneficial to and in the interests of the Company and the Shareholders as a whole.

Fixing the maximum number of Directors

As advised by the Company's legal advisers as to the laws of Bermuda, the Shareholders shall fix the maximum number of Directors and may authorize the Directors to elect or appoint a person to act as additional Director up to such maximum number upon continuation of the Company in Bermuda. Accordingly, the Directors propose to, conditional upon the continuance of the Company in Bermuda as an exempted company under the laws of Bermuda, seek the approval of the Shareholders at the EGM to fix the maximum number of Directors at twenty (20) and to grant an authority to the Directors to fill vacancies on the Board or appoint additional Directors up to such maximum number if necessary.

PROPOSED ADOPTION OF MEMORANDUM OF CONTINUANCE AND NEW BYE-LAWS

In connection with the Change of Domicile, the Company proposes to adopt the Memorandum of Continuance and the New Bye-laws in compliance with Bermuda laws to replace, respectively, the existing memorandum of association and the articles of association of the Company.

Condition of the Adoption of Memorandum of Continuance and New Bye-laws

The Adoption of Memorandum of Continuance and New Bye-laws is conditional upon the passing of the necessary special resolutions by the Shareholders at the EGM to approve, amongst other things, the M&A Amendment, the Change of Domicile, the Adoption of Memorandum of Continuance and New Bye-laws, the Reduction of Share Premium, and the proposed Capital Reorganisation.

PROPOSED REDUCTION OF SHARE PREMIUM

The Board proposes to reduce the entire credit standing to the share premium account of the Company to nil and the credit arising from such reduction be transferred to an existing account of the Company designated as the contributed surplus account of the Company upon the Change of Domicile becoming effective. As at the Latest Practicable Date, the Company has a credit balance of approximately RMB857.1 million standing in its share premium account.

LETTER FROM THE BOARD

Condition of the Reduction of Share Premium

The Reduction of Share Premium is conditional upon the Change of Domicile becoming effective and the passing of the necessary special resolutions by the Shareholders at the EGM to approve, amongst other things, the M&A Amendment, the Change of Domicile and the Adoption of Memorandum of Continuance and New Bye-laws.

PROPOSED CAPITAL REORGANISATION

The Company proposes to implement the Capital Reorganisation upon the Change of Domicile becoming effective which involves the following:

(1) Proposed Share Consolidation

The Board proposes to effect the Share Consolidation pursuant to which every ten issued and unissued Existing Shares will be consolidated into one Consolidated Share.

(2) Proposed Capital Reduction and Share Subdivision

The Board proposes that:

- (i) the total number of Consolidated Shares in the issued share capital of the Company be rounded down to a whole number by canceling any fraction in the issued share capital of the Company arising from the Share Consolidation;
- (ii) the issued share capital of the Company be reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.99 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.01;
- (iii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Share of HK\$1.00 each be sub-divided into 100 New Shares;
- (iv) the credit arising in the books of the Company from (i) the cancellation of any fraction in the issued share capital of the Company arising from the Share Consolidation; and (ii) the reduction of the paid-up capital of the Company of HK\$360,373,657.446 be credited to the contributed surplus account of the Company; and
- (v) the amount standing to the credit of the contributed surplus account be applied to set off the accumulated losses of the Company in full and be applied in any other manner as may be permitted under the New Bye-laws and all applicable laws of Bermuda.

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$1,500,000,000 comprising 15,000,000,000 Existing Shares, of which 3,640,137,954 Existing Shares have been issued and fully paid. Immediately following the Capital Reorganisation, the authorised share capital of the Company will be HK\$1,500,000,000 divided into 150,000,000,000 New Shares, of which 364,013,795 New Shares (not taking

LETTER FROM THE BOARD

into account the effect of fractional shares) will be in issue and the aggregate par value of the issued share capital of the Company will be HK\$3,640,138.0 (assuming that no Existing Shares are issued from the date hereof until the effective date of the Capital Reorganisation and that there is no fractional share arising from the Share Consolidation). The credit arising from the Reduction of Share Premium will be reduced to nil and the credit arising from such reduction be transferred entirely to the contributed surplus account of the Company. A credit of HK\$360,373,657.446 will arise as a result of the Capital Reduction. Upon the Capital Reorganisation becoming effective, such amount, together with any credit arising as a result of the cancellation of any fraction in the issued share capital of the Company arising from the Share Consolidation will be entirely transferred to the contributed surplus account of the Company. As at the Latest Practicable Date, the amount standing to the credit of the share premium account of the Company amounted to approximately RMB857.1 million. Under Bermuda law, the amount standing to the credit of the contributed surplus account is distributable subject to the satisfaction of certain statutory solvency requirements and the Company may apply the contributed surplus in any manner not prohibited by the Companies Act and the New Bye-laws. The Board proposed to apply the entire amount standing in the contributed surplus account of the Company to set off against the accumulated loss of the Company in full on the date of the Capital Reorganisation and the Reduction of Share Premium becoming effective. The total accumulated loss of the Company was RMB788,003,000 as shown in the audited consolidated financial statements of the Company for the year ended 31 December 2014.

Assuming no Existing Shares are issued from the date hereof until the effective date of the Capital Reorganisation, the share capital structure of the Company will be as follows:

	As at the Latest Practicable Date	Immediately after the Share Consolidation becoming effective	Immediately after the Share Consolidation and Capital Reorganisation becoming effective
Authorised share capital	HK\$1,500,000,000	HK\$1,500,000,000	HK\$1,500,000,000
Par Value	HK\$0.1 per Existing Share	HK\$1.00 per Consolidated Share	HK\$0.01 per New Share
Number of authorised shares	15,000,000,000 Existing Shares	1,500,000,000 Consolidated Shares	150,000,000,000 New Shares
Amount of issued share capital	HK\$364,013,795.4	HK\$364,013,795.4	HK\$3,640,138.0
Number of issued shares	3,640,137,954 Existing Shares	364,013,795 Consolidated Shares (Note)	364,013,795 New Shares (Note)
Amount of unissued share capital	HK\$1,135,986,204.6	HK\$1,135,986,204 (Note)	HK\$1,496,359,862 (Note)
Number of unissued shares	11,359,862,046 Existing Shares	1,135,986,204 Consolidated Shares (Note)	149,635,986,205 New Shares (Note)

Note: Assuming that there is no fractional share arising from the Share Consolidation.

LETTER FROM THE BOARD

All New Shares will rank pari passu in all respects with each other and the New Shares will continue to be in the board lots of 10,000 New Shares on the business day immediately following the date of completion of the Capital Reorganisation.

As at the Latest Practicable Date, save for the Pre-IPO Share Options and the Share Options entitling the holders thereof to subscribe in aggregate, for 214,246,156 Existing Shares, the Company has no other outstanding warrants, options or convertible securities.

Under the laws of Bermuda, the Directors may apply the contributed surplus in any manner permitted by the laws of Bermuda and the New Bye-laws, subject to the satisfaction of certain statutory solvency requirements.

Fractional entitlement to the New Shares

Fractions of the New Shares, if any, arising from the Capital Reorganisation will be aggregated and sold (if a premium, net of expenses, can be obtained) for the benefit of the Company.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (i) the Change of Domicile becoming effective;
- (ii) the passing of the necessary special resolutions by the Shareholders at the EGM to approve, amongst other things, the M&A Amendment, the Change of Domicile, the Adoption of Memorandum of Continuance and New Bye-laws, the Reduction of Share Premium, and the proposed Capital Reorganisation;
- (iii) the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation becoming effective and the New Shares which may fall to be allotted and issued upon exercise of the Pre-IPO Share Options and the Share Options outstanding and to be granted under the Pre-IPO share option scheme and the share option schemes of the Company;
- (iv) the compliance with the relevant procedures and requirements under the Bermuda laws and the Listing Rules to effect the Capital Reorganisation; and
- (v) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

Reasons for the Capital Reorganisation

It is expected that the Share Consolidation will increase the market value per board lot of the Shares which will reduce the overall transaction and handling costs of dealing in the Consolidated Shares. The Board believes that it may attract more investors and broaden the shareholders base of the Company.

LETTER FROM THE BOARD

Moreover, the Company shall not issue any shares at a price below its par value. The Board is of the opinion that, although the Company has not contemplated any further fund raising plans as at the Latest Practicable Date to the best knowledge of the Directors, the Capital Reorganisation will however provide the Company with greater flexibility, should there be any fund raisings needs in the future.

Further, the credit in the contributed surplus account arising from the Capital Reduction will enable the Company to set off its accumulated loss and may be applied in the future for any distribution to the Shareholders or in any manner permitted by the laws of Bermuda and the New Bye-laws of the Company in effect from time to time.

In view of the above, the Board considers that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.

Effects of the Capital Reorganisation

Implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group and that on the date the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. No capital will be lost as a result of the Capital Reorganisation and, except for the expenses involved in relation to the Capital Reorganisation which are expected to be insignificant in the context of the net asset value of the Company, the net asset value of the Company will remain unchanged before and after the Capital Reorganisation becoming effective. The Capital Reorganisation does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid up capital of the Company nor will it result in any change in the relative rights of the Shareholders. The Board (including the independent non-executive Directors) is of the view that the Capital Reorganisation will not have a material financial effect on the financial position of the Group. The Board also believes that on the date of the Capital Reorganisation becoming effective, there is no reasonable ground for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due.

To the best knowledge of the Directors, the estimated cost in relation to the proposed Change of Domicile and proposed Capital Reorganisation is HK\$600,000.

Listing and dealings

Application will be made to the listing committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation becoming effective and the New Shares which may fall to be allotted and issued upon exercise of the Pre-IPO Share Options and the Share Options outstanding and to be granted under the Pre-IPO share option scheme and the share option schemes of the Company.

LETTER FROM THE BOARD

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The New Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. All necessary arrangements will be made for the New Shares to be admitted into CCASS.

Free exchange of share certificates and arrangement for matching service for odd lots

Subject to the Capital Reorganisation becoming effective, the Shareholders may, on or after Friday, 8 April 2016 until Friday, 20 May 2016 (both dates inclusive), submit share certificates for the Existing Shares to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the New Shares (on the basis of ten (10) Existing Shares for one (1) New Share). Thereafter, certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever the number of certificates cancelled/issued is higher. After 4:00 p.m. on Friday, 20 May 2016, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for certificates for New Shares at any time but will not be accepted for delivery, trading and settlement purposes.

The color of the new share certificates for the New Shares will be announced by the Company in due course.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the New Shares arising from the Capital Reorganisation, the Company has appointed, Computershare Hong Kong Investor Services Limited, as an agent to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares during the period from Friday, 22 April 2016 to Friday, 13 May 2016. Shareholders who wish to take advantage of this service should contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or at telephone number (852) 2862 8555 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period. Shareholders should note that successful matching of the sale and purchase of odd lots of the New Shares is not guaranteed. Shareholders who are in doubt about this service are recommended to consult their professional advisors.

LETTER FROM THE BOARD

Adjustment in relation to the Pre-IPO Share Options and the Share Options

As at the Latest Practicable Date, the Company has Pre-IPO Share Options and the Share Options entitling the holders thereof to subscribe in aggregate, for 214,246,156 Existing Shares. The Capital Reorganisation will cause adjustments to be made to the exercise prices and/or the number of the Pre-IPO Share Options and the Share Options. The Company will engage its auditors or an independent financial adviser to certify the adjustments to the Pre-IPO Share Options and the Share Options and will inform the holders of the Pre-IPO Share Options and the Share Options of the adjustments accordingly.

Save as aforesaid, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

FUND RAISING ACTIVITIES SUBSEQUENT TO THE IMPLEMENTATION OF THE CHANGE OF DOMICILE, THE ADOPTION OF MEMORANDUM OF CONTINUANCE AND NEW BYE-LAWS, REDUCTION OF SHARE PREMIUM AND THE CAPITAL REORGANISATION

As at the Latest Practicable Date, to the best knowledge of the Directors, the Company has not contemplated any further fund raising plans. The Company will update the Shareholders accordingly should there be any subsequent development in this regard.

WARNING

Shareholders should be aware of and take note that the M&A Amendment, the Change of Domicile, the Adoption of Memorandum of Continuance and New Bye-laws, the Reduction of Share Premium and the Capital Reorganisation are conditional upon satisfaction of the conditions precedent set out in the respective paragraphs headed “Conditions of the Change of Domicile”, “Condition of the Adoption of Memorandum of Continuance and New Bye-laws”, “Condition of the Reduction of Share Premium” and “Conditions of the Capital Reorganisation”. Therefore, the Change of Domicile, the Adoption of Memorandum of Continuance and New Bye-laws, the Reduction of Share Premium and the Capital Reorganisation may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

GENERAL

The EGM will be held at 4:00 p.m. on Friday, 26 February 2016 at 3/F., Jasmine Room of Best Western Plus Hotel Hong Kong at 308 Des Voeux Road West, Hong Kong for the Shareholders to consider and, if thought fit, to approve, amongst other things, the M&A Amendment, the Change of Domicile, the Adoption of Memorandum of Continuance and New Bye-laws, the Reduction of Share Premium and the Capital Reorganisation. A notice convening the EGM is set out on pages 55 to 59 of this circular.

LETTER FROM THE BOARD

In compliance with the Listing Rules, all resolutions will be voted on by way of a poll at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolutions to be proposed at the EGM.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting thereof should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

RECOMMENDATION

The Directors consider that the M&A Amendment, the Change of Domicile, the Adoption of Memorandum of Continuance and New Bye-laws, the Reduction of Share Premium and the Capital Reorganisation are in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of all resolutions set out in the notice of the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the Appendix to this circular.

By Order of the Board
China Kingstone Mining Holdings Limited
Martin Pak
Company Secretary

Set out below is a summary of the provisions of the new memorandum of continuance (the “New Memorandum”) and the bye-laws of the Company (“Bye-Laws”) upon continuation in Bermuda and their differences with the memorandum (the “Memorandum”) and articles of association (the “Articles of Association”) of the Company prior to the Change of Domicile.

1. THE MEMORANDUM AND THE NEW MEMORANDUM

The Memorandum states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and that the Company shall have full power and authority to carry out any object not prohibited by any law as provided by the Companies Law, that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by the Companies Law and, as an exempted company, the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

Upon continuance of the Company in Bermuda, the Company will adopt the New Memorandum which, upon filing with the registration by the Registrar of Companies in Bermuda, will in effect be the Company’s new memorandum of association. The New Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the Company is an exempted company as defined in the Companies Act. The New Memorandum also sets out the objects for which the Company was formed which are unrestricted and that the Company has the capacity, rights, powers and privileges of a natural person. As an exempted company, the Company will be carrying on business outside Bermuda from a place of business within Bermuda.

In accordance with and subject to section 42A of the Companies Act, the New Memorandum empowers the Company to purchase its own shares and pursuant to its Bye-laws, this power is exercisable by the board of Directors (the “Board”) upon such terms and subject to such conditions as it thinks fit.

2. THE ARTICLES OF ASSOCIATION AND THE BYE-LAWS

(a) Shares

Articles of Association

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Share certificates

Every share certificate shall be issued under the Seal or a facsimile thereof or with the Seal printed thereon and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from

time to time determine. No certificate shall be issued representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon.

Bye-Laws***(i) Classes of Shares***

The share capital of the Company consists of ordinary shares.

(ii) Share Certificates

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, which for this purpose may be a securities seal. In relation to the use of the securities seal for sealing certificates for shares or other securities of the Company, no signature of any Director, officer or other person and no mechanical reproduction thereof shall be required on any such certificates or other document and any such certificates or other document to which such securities seal is affixed shall be valid and deemed to have been sealed and executed with the authority of the Board notwithstanding the absence of any such signature or mechanical reproduction as aforesaid.

The Company shall not be bound to register more than four persons as joint holders of any share.

(b) Directors***Articles of Association******(i) Power to allot and issue shares and warrants***

The Board may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares shall be issued at a discount. Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable.

The Board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

(ii) Power to dispose of the assets of the Company or any subsidiary

While there are no specific provisions in the Articles of Association relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles of Association or the Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iii) Compensation or payments for loss of office

The Board shall obtain the approval of the Company in general meeting before making any payment to any Director or past Director of the Company by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled).

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors and their associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles of Association.

The Company shall not directly or indirectly (i) make a loan to a Director or a director of any holding company of the Company or to any of their respective associates (as defined by the rules, where applicable, of the designated stock exchange); (ii) enter into any guarantee or provide any security in connection with a loan made by any person to a Director or such a director; or (iii) if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(v) Disclosure of interest in contracts with the Company or with any of its subsidiaries

A Director may: (a) hold any other office or place of profit with the Company (except that of auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the Board may determine. Any remuneration (whether by way of salary, commission, participation in profits or

otherwise) paid to any Director in respect of any such other office or place of profit shall be in addition to any remuneration provided for by or pursuant to any other Articles of Association; (b) act by himself or his firm in a professional capacity for the Company (otherwise than as auditor of the Company) and he or his firm may be remunerated for professional services as if he were not a Director; (c) continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise and (unless otherwise agreed) no such Director shall be accountable for any remuneration, profits or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of or from his interests in any such other company. The Directors may exercise or cause to be exercised the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as Directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company) or voting or providing for the payment of remuneration to the director, managing director, joint managing director, deputy managing director, executive director, manager or other officers of such other company and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.

Subject to the Companies Law and to the Articles of Association, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established provided that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested in accordance with the Articles of Association.

A Director who to his knowledge is in any way, whether directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For

the purpose of the Articles of Association, a general notice to the Board by a Director to the effect that: (a) he is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm; or (b) he is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with a specified person who is connected with him; shall be deemed to be a sufficient declaration of interest under the Articles of Association in relation to any such contract or arrangement, provided that no such notice shall be effective unless either it is given at a meeting of the Board or the Directors takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely: (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associate(s) or obligations incurred or undertaken by him or any of his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries; (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security; (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer; (iv) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in five per cent. (5%) or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associate is derived); or (vi) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors or his associate(s) and to employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting and shall (unless otherwise directed by the resolution by which it is voted) be divided amongst the Board in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. Such remuneration shall be deemed to accrue from day to day.

Each Director shall be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article. The Board shall obtain approval of the Company in general meeting before making any payment to any Director or past Director of the Company by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled).

(vii) Appointment, retirement and removal

The Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board. The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

At each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot Any Director appointed by the Board pursuant to the Articles of Association shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

The office of a Director shall be vacated if the Director:

- (1) resigns his office by notice in writing delivered to the Company at the Office or tendered at a meeting of the Board;
- (2) becomes of unsound mind or dies;
- (3) without special leave of absence from the Board, is absent from meetings of the Board for six consecutive months, and his alternate Director, if any, shall not during such period have attended in his stead and the Board resolves that his office be vacated;
- (4) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

- (5) is prohibited by law from being a Director; or
- (6) ceases to be a Director by virtue of any provision of the Companies Law and every other law of the legislature of the Cayman Islands for the time being in force applying to or affecting the Company, the Memorandum and/or the Articles of Association or is removed from office pursuant to the Articles of Association.

(viii) Borrowing powers

Pursuant to the Articles of Association, the Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Bye-Laws

(i) Power to allot and issue shares

Without prejudice to any special rights or restrictions for the time being attaching to any shares or any class of shares, any share may be issued upon such terms and conditions and with such preferred, deferred or other special rights, or such restrictions, whether as regards dividend, voting, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine) and any preference share may, subject to the Companies Act and with the sanction of a special resolution, be issued on terms that it is liable to be redeemed upon the happening of a specified event or upon a given date and either at the option of the Company or, if so authorised by the Memorandum of Association of the Company, at the option of the holder. The Board may, subject to the approval of the members in general meeting, issue warrants to subscribe for any class of shares or securities of the Company on such terms as it may from time to time determine.

The Board may, subject to the approval by the members in general meeting, issue warrants to subscribe for any class of shares or securities of the Company on such terms as the Board may from time to time determine. Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Act and the Bye-laws, and to the permission of the Bermuda Monetary Authority being obtained, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and generally on such terms as it shall in its absolute discretion think fit, but so that no shares shall be issued at a discount.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Bye-laws relating to the disposal of the assets of the Company or any of its subsidiaries although the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Bye-laws or the statutes to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Payments to any Director or past Director of the Company of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans to Directors

There are no provisions in the Bye-laws relating to the making of loans to Directors. However, the Companies Act contains restrictions on companies making loans to their directors.

(v) Disclosure of interests in contracts with the Company or any of its subsidiaries

Subject to the Companies Act, a Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine. A Director of the Company may be or become a director or other officer of, or be otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profit or other benefit received by him as a director or officer of or from his interest in such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company. A Director shall not vote or be counted in the quorum on any resolution of the Board concerning his own

appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof).

Subject to the provisions of the Companies Act and the Bye-laws, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor will any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested.

Save as otherwise provided by the Bye laws, a Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement in which he or any of his associates has a material interest, and if he does so his vote shall not be counted, but this prohibition will not apply to any of the following matters namely:

- (aa) any contract or arrangement for the giving by the Company of any security or indemnity to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company and any of its subsidiaries;
- (bb) any contract or arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility or guaranteed or secured in whole or in part whether solely or jointly;
- (cc) any contract or arrangement concerning an offer of the shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

- (dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or member or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in five (5) per cent or more of the issued shares of any class of shares of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;
- (ff) any proposal or arrangement for the benefit of employees of the Company or its subsidiaries including the adoption, modification or operation of a pension fund or retirement, death or disability benefit scheme which relates both to Directors, his associate(s) and employees of the Company or any of its subsidiaries and does not give the Director or his associate(s), as such any privilege not generally accorded to the class of persons to whom such scheme or fund relates; and
- (gg) any proposal or arrangement concerning the adoption, modification or operation of any employee's share scheme involving the issue or grant of options over shares or other securities by the Company to, or for the benefit of, the employees of the Company or its subsidiaries under which the Director or his associate(s) may benefit.

(vi) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as is from time to time determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the Board may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing provisions shall not apply to a Director who holds any salaried employment or office in the Company except in the case of sums paid in respect of Directors' fees. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from board meetings, committee meetings or general meetings, or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors. The Board may grant special remuneration to any

Director, who being called upon, performs any special or extra services to or at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be arranged. Notwithstanding the foregoing the remuneration of a managing director, joint managing director, deputy managing director or other executive director or a Director appointed to any other office in the management of the Company may be fixed from time to time by the Board and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including pension (and/or gratuity) and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration is in addition to his remuneration as a Director.

The Board also has power to establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds for the benefit of, or to give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company, or is allied or associated with the Company or with any such subsidiary company, or who are or were at any time Directors or officers of the Company or of any such other company as aforesaid, and holding or who have held any salaried employment or office in the Company or such other company, and the spouses, widows, widowers, families and dependents of any such persons and may make payments for or towards the insurance of any such persons. Any Director holding any such employment or office is entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument.

(vii) Retirement, appointment and removal

At each annual general meeting one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest one-third) will retire from office by rotation. The Directors to retire in every year will be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office at least seven days before the date of the general meeting.

Directors of the Company are entitled to attend and speak at all general meetings.

The number of Directors shall not be less than two. A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for breach of any contract of service between him and the Company). The Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the Board.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The Board may from time to time entrust to and confer upon a managing director, joint managing director, deputy managing director or executive director all or any of the powers of the Board that it may think fit provided that the exercise of all powers by such Director shall be subject to such regulations and restrictions as the Board may from time to time make and impose. The Board may delegate any of its powers to committees consisting of such member or members of its body and such other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed upon it by the Board.

(viii) Borrowing powers

Subject to the provisions of the Companies Act, the Board may from time to time at its discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and uncalled capital or any part thereof. The Board may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular by the issue of debentures, debenture stock, bonds or other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(c) Alterations to the constitutional documents*Articles of Association*

The Articles of Association shall not be rescinded, altered or amended and no new articles shall be made until the same has been approved by a special resolution of the members. A special resolution shall be required to alter the provisions of the memorandum of association or to change the name of the Company.

Bye-Laws

The Memorandum of Association of the Company may, with the consent of the Minister of Finance of Bermuda (the “Minister”) (if required), be altered by the Company in general meeting. The Bye-laws may be amended by the Directors subject to the approval of the Company in general meeting. The Bye-laws state that a special resolution is required to alter the Memorandum of Association, to approve any amendment of the Bye-laws or to change the name of the Company.

(d) Variation of rights of existing shares or classes of shares*Articles of Association*

Subject to the Companies Law and without prejudice to the Articles of Association, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of the Articles of Association relating to general meetings of the Company shall, mutatis mutandis, apply, but so that: (a) the necessary quorum (other than at an adjourned meeting) shall be two persons (or in the case of a member being a corporation, its duly authorized representative) holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting of such holders, two holders present in person or (in the case of a member being a corporation) its duly authorized representative or by proxy (whatever the number of shares held by them) shall be a quorum; and (b) every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

Bye-Laws

If at any time the capital is divided into different classes of shares, all or any of the special rights (unless otherwise provided for by the terms of issue of that class) attached to any class may, subject to the provisions of the Companies Act 1981 of Bermuda, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Bye-laws relating to general meetings will mutatis mutandis apply, but so that the necessary quorum is not less than two persons holding or representing by proxy one-third in nominal value of the issued shares of the class, and that any holder of shares of the class present in person or by proxy or by a duly authorised corporate representative may demand a poll.

(e) Alteration of capital*Articles of Association*

The Company may from time to time by ordinary resolution in accordance with the Companies Law alter the conditions of its Memorandum of Association to: (a) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe; (b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares; (c) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that where the Company issues shares which do not carry voting rights, the words “non-voting” shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words “restricted voting” or “limited voting”; (d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Company’s Memorandum of Association (subject, nevertheless, to the Companies Law), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares; (e) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled or, in the case of shares, without par value, diminish the number of shares into which its capital is divided.

Bye-Laws

The Company may from time to time by ordinary resolution:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate or divide all or any of its share capital into shares of larger amount than its existing shares; on any consolidation of fully paid shares into shares of larger amount, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may, as between the holders of the shares to be consolidated, determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares ratably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (iii) divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;
- (iv) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled;
- (v) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the Companies Act, and so that the resolution whereby any shares is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares;
- (vi) change the currency denomination of its share capital; and
- (vii) subject to applicable regulatory requirements, make provision for the issue and allotment of shares which do not carry any voting rights.

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account or other undistributable reserve in any manner authorised and subject to any conditions prescribed by law.

(f) Special resolution — majority required

Articles of Association

In accordance with the Articles of Association, a resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their respective duly authorized representative or, where proxies are allowed, by proxy at a general meeting of a notice of not less than twenty-one (21) clear days and ten (10) clear business days, specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having the right to attend and vote at any such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and in the case of an annual general meeting, if it is so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one (21) clear days' notice has been given.

Bye-Laws

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast of such members as, being entitled so to do, vote in person or, where a corporate representative is allowed, by a duly authorised corporate representative or, where proxies are allowed, by proxy at a general meeting of which not less than 21 days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. However, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right, a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 days' notice has been given.

(g) Voting rights (generally and on a poll) and right to demand a poll

Articles of Association

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles of Association, at any general meeting on a show of hands every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy shall have one vote and on a poll every member present in person or by proxy or, in the

case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided by way of a poll. The result of the poll shall be deemed to be the resolution of the meeting. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the designated stock exchange. On a poll votes may be given either personally or by proxy. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way. All questions submitted to a meeting shall be decided by a simple majority of votes except where a greater majority is required by the Articles of Association or by the Companies Law. In the case of an equality of votes, the chairman of such meeting shall be entitled to a second or casting votes in addition to any other vote he may have.

Where there are joint holders of any share any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of such senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holdings. Several executors or administrators of a deceased member in whose name any share stands shall for the purpose of the Articles of Association be deemed joint holders thereof.

A member who is a patient for any purpose relation to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, by his receiver, committee, curator bonis or other person may vote on a poll by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require of the authority of the person claiming to vote shall be been deposited at the Office, head office or registration office of the Company, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting, as the case may be.

Any person under the Articles of Association to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if her were the registered holder of such shares, provided that forty-eight (48) hours at least before the time of the holding of the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his entitlement to such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof.

No member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.

Where the Company has knowledge that any member is, under the rules of the designated stock exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

If: (a) any objection shall be raised to the qualification of any voter; or (b) any votes have been counted which ought not to have been counted or which might have been rejected; or (c) any votes are not counted which ought to have been counted, the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

Bye-Laws

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a show of hands every member who is present in person or by a duly authorised corporate representative or by proxy shall have one vote and on a poll, every member present in person or by a duly authorised corporate representative or by proxy shall have one vote for every share of which he is the holder which is fully paid up or credited as fully paid (but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share). On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes in the same way.

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by way of the Listing Rules or a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded by (i) the Chairman of the meeting; or (ii) by at least three members present in person or by proxy or by a duly authorised corporate representative for the time being entitled to vote at the meeting; or (iii) by any member or members present in person or by proxy or by a duly authorised corporate representative and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or (iv) by a member or members present in person or by proxy or by a duly authorised corporate representative and holding

shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

(h) Annual general meetings

Articles of Association

An annual general meeting of the Company shall be held in each year other than the year of the Company's adoption of the Articles of Association (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or not more than eighteen (18) months after the date of adoption of the Articles of Association, unless a longer period would not infringe the rules of the designated stock exchange, if any) at such time and place as may be determined by the Board.

Bye-Laws

An annual general meeting must be held once in every year and within not more than fifteen months after the last preceding annual general meeting.

(i) Accounts and Audit

Articles of Association

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Such auditor may be a member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company. The members may, at any general meeting convened and held in accordance with the Articles of Association, by special resolution remove the auditor at any time before the expiration of his term of office and shall by ordinary resolution at that meeting appoint another auditor in his stead for the remainder of his term.

Subject to the Companies Law the accounts of the Company shall be audited at least once in every year. The remuneration of the auditor shall be fixed by the Company in general meeting or in such manner as the members may determine. If the office of auditor becomes vacant by the resignation or death of the auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors shall fill the vacancy and fix the remuneration of the auditor so appointed. The auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto; and he may call on the Directors or officers of the Company for any information in their possession relating to the books or affairs of the Company. The statement of income and expenditure and the balance sheet

provided for by the Articles of Association shall be examined by the auditor and compared by him with the books, accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such statement and balance sheet are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory.

The statement of income and expenditure and the balance sheet provided for by the Articles of Association shall be examined by auditor and compared by him with the books, accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such statement and balance sheet are drawn up so as to present fairly the financial position of the Company and the results of operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. The financial statements of the Company shall be audited by the auditor of the Company in accordance with generally accepted auditing standards. The auditor of the Company shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the Auditor should disclose this fact and name such country or jurisdiction.

Bye-Laws

The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipts and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Act affecting the Company or necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of account are to be kept at the head office or at such other place as the Board thinks fit and shall always be open to the inspection of the Directors provided that such records as are required by the Companies Act shall also be kept at the registered office. No member (not being a Director) or other person has any right to inspect any account or book or document of the Company except as conferred by the Companies Act or ordered by a court of competent jurisdiction or authorised by the Board or by the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as are required by the Companies Act. Every balance sheet of the Company shall be signed on behalf of the Board by two Directors and a copy of every balance sheet (including every document required

by law to be comprised therein or attached or annexed thereto) and profit and loss account which is to be laid before the Company at its annual general meeting, together with a copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one days before the date of the meeting, be sent to every member of, and every holder of debentures of, the Company and every other person entitled to receive notices of general meetings of the Company under the Companies Act or of the Bye-laws. If all or any of the shares or debentures of the Company are for the time being (with the consent of the Company) listed or dealt in on any stock exchange, there shall be forwarded to the appropriate officer of such stock exchange such number of copies of such documents as may for the time being required under its regulations or practice.

Auditors shall be appointed and their duties regulated in accordance with the Companies Act. Subject as otherwise provided by such provisions the remuneration of the auditors shall be fixed by or on the authority of the Company at each annual general meeting, but in respect of any particular year, the Company in general meeting may delegate the fixing of such remuneration to the Board.

(j) Notices of meetings and business to be conducted thereat

Articles of Association

An annual general meeting and any extraordinary general meeting at which the passing of a special resolution is to be considered shall be called by not less than twenty-one (21) clear days' notice and not less than ten (10) clear business days' notice. All other extraordinary general meetings may be called by not less than fourteen (14) clear days' notice and not less than ten (10) clear business days' notice but a general meeting may be called by shorter notice, subject to the Law, if it is so agreed: (a) in the case of a meeting called as an annual general meeting, by all the members entitled to attend and vote thereat; and (b) in the case of any other meeting, by a majority in number of the members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.

The notice shall specify the time and place of the meeting and, in case of special business, the general nature of the business. The notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all members other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a member and to each of the Directors and the auditors. The accidental omission to give notice of a meeting or (in cases where instruments of proxy are sent out with the notice) to send such instrument of proxy to, or the non-receipt of such notice or such instrument of proxy by, any person entitled to receive such notice shall not invalidate any resolution passed or the proceedings at that meeting.

Bye-Laws

An annual general meeting and any special general meeting at which it is proposed to pass a special resolution must be called by twenty-one days' notice in writing at least and any other special general meeting shall be called by at least fourteen days' notice in writing (in each case exclusive of the day on which the notice is served or deemed to be served and of the day for which it is given). The notice shall specify the place, the day and the hour of meeting and, in the case of special business, the general nature of that business.

Any notice or document to be given to or by any person pursuant to these Bye-laws may be served on or delivered to any shareholder of the Company either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such shareholder at his registered address as appearing in the register or by leaving it at that address addressed to the shareholder or by any other means authorised in writing by the shareholder concerned or (other than share certificates) by publishing it by way of advertisement in at least one English language newspaper and one Chinese language newspaper circulating generally in the Hong Kong. In case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders. Without limiting the generality of the foregoing but subject to the applicable laws of Bermuda and any rules prescribed by The Stock Exchange of Hong Kong Limited from time to time, a notice or document may be served or delivered by the Company to any shareholder by electronic means to such address as may from time to time be authorised by the shareholder concerned or by publishing it on a computer network and notifying the shareholder concerned, in such manner as he may from time to time authorise, that it has been so published.

(k) Transfer of shares*Articles of Association*

Subject to the Articles of Association, any member may transfer all or any of his shares by an instrument of transfer in the usual or common form or in a form prescribed by the designated stock exchange or in any other form approved by the Board and may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so.

The Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. Nothing in the Articles of Association shall preclude the Board from recognizing a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.

The Board may, in its absolute discretion, and without giving any reason therefor, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also, without prejudice to the foregoing generality, refuse to register a transfer of any share to more than four (4) joint holders or a transfer of any share (not being a fully paid up share) on which the Company has a lien. No transfer shall be made to an infant or to a person of unsound mind or under other legal disability. The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the Register to any branch register or any share on any branch register to the register of members or any other branch register. In the event of any such transfer, the shareholder requesting such transfer shall bear the cost of effecting the transfer unless the Board otherwise determines. Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time determine, and which agreement the Board shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold), no shares upon the register shall be transferred to any branch register nor shall shares on any branch register be transferred to the register of members or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant registration office, and, in the case of any shares on the register of members, at the office or such other place at which the register of members is kept in accordance with the Companies Law.

The Board may decline to recognise any instrument of transfer unless:- (a) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof; (b) the instrument of transfer is in respect of only one class of share; (c) the instrument of transfer is lodged at the registered office of the Company or such other place at which the register of members is kept in accordance with the Companies Law or the registration office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and (d) if applicable, the instrument of transfer is duly and properly stamped.

If the Board refuses to register a transfer of any share, it shall, within two (2) months after the date on which the transfer was lodged with the Company, send to each of the transferor and transferee notice of the refusal.

The registration of transfers of shares or of any class of shares may, after notice has been given by advertisement in any newspapers or by any other means in accordance with the requirements of any designated stock exchange to that effect be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine.

Bye-Laws

All transfers of shares must be effected by transfer in writing in the usual or common form or in any other form acceptable to the Board and may be under hand or by means of mechanically imprinted signatures or such other manner as the Board may from time to time approve. An instrument of transfer must be executed by or on behalf of the transferor and by or on behalf of the transferee and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor shall shares on any branch register be transferred to the principal register or any other register. All transfers and other documents of title must be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the transfer office in Bermuda.

The Board may in its absolute discretion and without assigning any reason therefore, refuse to register any transfer of any shares (not being fully paid shares) to a person of whom it does not approve and it may refuse to register the transfer of any shares (not being fully paid shares) on which the Company has a lien. The Board may also refuse to register a transfer of shares (whether fully paid or not) in favour of more than four persons jointly. If the Board refuses to register a transfer, it will within two months after the date on which the transfer was lodged with the Company send to the transferor and transferee notice of the refusal.

The Board may decline to recognise any instrument of transfer unless a fee of such sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time determine is paid to the Company in respect thereof has been paid, the shares are free of any lien in favour of the Company, the instrument of transfer is properly stamped, is in respect of only one class of share and is lodged at the relevant registration or transfer office accompanied by the relevant share certificate(s) and such other evidence as the Board may

reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do). Where applicable, the permission of the Bermuda Monetary Authority with respect thereto shall be obtained.

The registration of transfers may, on giving notice by advertisement in an appointed newspaper in Bermuda and in one or more newspapers circulating in Hong Kong, be suspended at such times and for such periods as the Board may from time to time determine and either generally or in respect of any class of shares. The register of members shall not be closed for more than thirty days in any year.

Fully paid Shares shall be free from any restriction with respect to the right of the holder thereof to transfer such Shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

(l) Power of the Company to purchase its own shares

Articles of Association

Subject to the Companies Law, the Company's Memorandum and Articles of Association and, where applicable, the rules of any designated stock exchange and/or any competent regulatory authority, any power of the Company to purchase or otherwise acquire its own shares shall be exercisable by the Board in such manner, upon such terms and subject to such conditions as it thinks fit.

Bye-Laws

The Bye-laws give the Board the power to determine the terms and conditions subject to which this power is to be exercised.

(m) Power of any subsidiary of the Company to own shares in the Company

Articles of Association

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

Bye-Laws

There are no provisions in the Bye-laws relating to ownership of the Company by a subsidiary.

(n) Dividends and other methods of distribution*Articles of Association*

Subject to the Companies Law, the Company in general meeting may from time to time declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board. Dividends may be declared and paid out of the profits of the Company, realized or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide: (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of the Articles of Association as paid up on the share; and (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

The Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment.

The Board may deduct from any dividend or other moneys payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise. No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder

whose name stands first in the register of members in respect of the shares at his address as appearing in the register of members or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.

Bye-Laws

The Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends will be apportioned and paid pro rata according to the amounts paid or credited as paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid upon a share in advance of calls will for this purpose be treated as paid up on the shares. The Board may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Board may deduct from any dividend or bonus payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think

fit. The Company may also upon the recommendation of the Board by a special resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any Shares held by him, and in respect of all or any of the moneys so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the Share or the due portion of the Shares upon which payment has been advanced by such member before it is called up.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on 2 consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(o) Proxies

Articles of Association

Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.

The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the registration office or the registered office of the Company, as may be appropriate) not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

Instruments of proxy shall be in any common form or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

Bye-Laws

Any member of the Company entitled to attend and vote at a meeting of the Company or a meeting of the holders of any class of shares in the Company is entitled to appoint another person as his proxy to attend and vote instead of him. Votes, whether on a show of hands or on a poll may be given either personally or by a duly authorised corporate representative or by proxy. A member holding two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a member of the Company.

The instrument appointing a proxy, shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

The instrument appointing a proxy to vote at a general meeting shall: (i) be deemed to confer authority upon the proxy to demand or join in demanding a poll and to vote on any resolution (or amendment thereto) put to the meeting for which it is given as the proxy thinks fit. Provided that any form issued to a member for use by him for appointing a proxy to attend and vote at a special general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business; and (ii) unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

Where that member is a recognised clearing house within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), it may appoint such person or persons as it thinks fit to act as its proxy or proxies or as its corporate representative or representatives, to the extent permitted by the Companies Act, at any members' general meeting or any meeting of any class of members provided that if more than one proxy or corporate representative is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy or corporate representative is to be appointed. The person so appointed will be entitled to exercise the same powers on behalf of the clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise as if it were an individual member of the Company including the right to vote individually on a show of hands. The number of persons a clearing house may appoint to act as its corporate representative or representatives shall not exceed the number of shares held by the clearing house (or its nominee), being shares in respect of which there is an entitlement to attend and vote at the relevant meeting.

In addition, a proxy or proxies representing either an individual member or a member which is a corporation, shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise including the right to vote individually on a show of hands.

(p) Calls on shares and forfeiture of shares*Articles of Association*

Subject to the Articles of Association and to the terms of allotment, the Board may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium), and each member shall (subject to being given at least fourteen (14) clear days' notice specifying the time and place of payment) pay to the Company as required by such notice the amount called on his shares. A call may be extended, postponed or revoked in whole or in part as the Board determines but no member shall be entitled to any such extension, postponement or revocation except as a matter of grace and favour.

A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be made payable either in one lump sum or by instalments.

A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect thereof or other moneys due in respect thereof.

If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the amount unpaid from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board may determine, but the Board may in its absolute discretion waive payment of such interest wholly or in part.

If a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due not less than fourteen (14) clear days' notice: (a) requiring payment of the amount unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment; and (b) stating that if the Notice is not complied with the shares on which the call was made will be liable to be forfeited. If the requirements of any such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect, and such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share but not actually paid before the forfeiture.

Bye-Laws

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20 per cent per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20 per cent per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by the notice is to be made, and it will also name the place where payment is to be made, such place being either the registered office of the Company, or some other place at which calls of the Company are usually made payable. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20 per cent per annum as the Board may prescribe.

(q) Inspection of corporate records/register of members*Articles of Association*

The register of members and branch register of members, as the case may be, shall be open to inspection for at least two (2) hours on every business day by members without charge or by any other person, upon a maximum payment of HK\$2.50 or such lesser sum specified by the Board, at the registered office of the Company or such other place at which the register of members is kept in accordance with the Companies Law or, if appropriate, upon a maximum payment of HK\$1.00 or such lesser sum specified by the Board at the registration office. The register of members including any overseas or local or other branch register of members may, after notice has been given by advertisement in an appointed newspaper or any other newspapers in accordance with the requirements of any designated stock exchange or by any electronic means in such manner as may be accepted by the designated stock exchange to that effect, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.

Bye-Laws

There are no provisions in the Bye-laws relating to inspection of the register of members. However, under the laws of Bermuda, the register of members of the Company shall be open for inspection by members of the public without charge on every business day for not less than two hours each day.

(r) Quorum for meetings and separate class meetings*Articles of Association*

No business other than the appointment of a chairman of a meeting shall be transacted at any general meeting unless a quorum is present at the commencement of the business. Two (2) Members entitled to vote and present in person or by proxy or (in the case of a member being a corporation) by its duly authorised representative shall form a quorum for all purposes.

Bye-Laws

For all purposes the quorum for a general meeting shall be two members present in person or by a duly authorised corporate representative or by proxy and entitled to vote. In respect of a separate class meeting convened to sanction the modification of class rights, the necessary quorum shall not be less than two persons holding or representing by proxy or by a duly authorised corporate representative one-third in nominal value of the issued shares of that class.

(s) Rights of minorities in relation to fraud or oppression*Articles of Association*

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law.

Bye-Laws

There are no provisions in the Bye-laws relating to rights of minority members in relation to fraud or oppression. However, Bermuda company law provides for protection of minorities.

(t) Procedures on liquidation*Articles of Association*

The Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up. A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the members as the

liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

In the event of winding-up of the Company in Hong Kong, every Member who is not for the time being in Hong Kong shall be bound, within fourteen (14) days after the passing of an effective resolution to wind up the Company voluntarily, or the making of an order for the winding-up of the Company, to serve notice in writing on the Company appointing some person resident in Hong Kong and stating that person's full name, address and occupation upon whom all summonses, notices, process, orders and judgements in relation to or under the winding-up of the Company may be served, and in default of such nomination the liquidator of the Company shall be at liberty on behalf of such member to appoint some such person, and service upon any such appointee, whether appointed by the Member or the liquidator, shall be deemed to be good personal service on such member for all purposes, and, where the liquidator makes any such appointment, he shall with all convenient speed give notice thereof to such member by advertisement as he shall deem appropriate or by a registered letter sent through the post and addressed to such member at his address as appearing in the register, and such notice shall be deemed to be service on the day following that on which the advertisement first appears or the letter is posted.

Bye-Laws

A resolution that the Company be wound up by the court or be wound up voluntarily must be a special resolution.

If the Company shall be wound up, the surplus assets remaining after payment to all creditors are to be divided among the members in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid up capital, they are to be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them respectively, all subject to the rights of any shares issued on special terms and conditions.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the sanction of a special resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether the assets consist of property of one kind or consists of properties of different kinds and the liquidator may, for such purposes, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division is to be carried out as between the members or different classes of members and the members within each class. Under the Companies Act the liquidator may, with the like sanction, vest any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of

members. Under the Companies Act, the liquidator may, with like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like sanction shall think fit, but so that no member shall be compelled to accept any shares or other assets upon which there is a liability.

(u) Untraceable members

Articles of Association

The Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a Member who is untraceable, but no such sale shall be made unless:

- (a) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Articles of Association have remained uncashed;
- (b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and
- (c) the Company, if so required by the rules governing the listing of shares on the designated stock exchange, has given notice to, and caused advertisement in newspapers in accordance with the requirements of, the designated stock exchange to be made of its intention to sell such shares in the manner required by the designated stock exchange, and a period of three (3) months or such shorter period as may be allowed by the designated stock exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the “relevant period” means the period commencing twelve (12) years before the date of publication of the advertisement referred to in paragraph (c) above and ending at the expiry of the period referred to in that paragraph.

To give effect to any such sale the Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Articles of Association shall be valid and effective notwithstanding that the member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

Bye-Laws

The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a member who is untraceable, but no such sale shall be made unless:

- i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Bye-Laws of the Company have remained uncashed;
- ii) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law;
- iii) the Company has caused an advertisement to be inserted in the newspapers of its intention to sell such shares and a period of three months has elapsed since the date of such advertisement; and
- iv) the Company has notified the Stock Exchange of its intention to effect such sale.



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 with limited liability)

(Stock Code: 1380)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**Meeting**”) of China Kingstone Mining Holdings Limited (“**Company**”) will be held at 4:00 p.m. on Friday, 26 February 2016 at 3/F., Jasmine Room of Best Western Plus Hotel Hong Kong at 308 Des Voeux Road West, Hong Kong, to consider and, if thought fit, pass the following resolutions as special resolutions of the Company.

SPECIAL RESOLUTIONS

1. “**THAT**

The articles of association of the Company be and are hereby amended by the addition of the following new Article 167:

“**TRANSFER BY WAY OF CONTINUATION**

167. The Company may, by special resolution, resolve to de-register the Company from Cayman Islands and to transfer and continue the Company as a body corporate to, and under the laws of, a country or jurisdiction outside the Cayman Islands which permits or does not prohibit the transfer of the Company pursuant to the Law.”

2. “**THAT:**

- (a) subject to the obtaining of all necessary governmental and regulatory consents, the change of domicile of the Company (“**Change of Domicile**”) from the Cayman Islands to Bermuda by way of de-registration as a company under the laws of the Cayman Islands and continuation of the Company as an exempted company under the laws of Bermuda be and is hereby approved;
- (b) the memorandum of continuance, a copy of which has been produced to the Meeting marked “**A**” and initialled by the chairman of the Meeting (“**Chairman**”) for the purpose of identification, be and is hereby adopted in

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substitution for the memorandum of association of the Company, effective from the date that the memorandum of continuance is approved and registered by the Registrar of Companies in Bermuda;

- (c) conditional upon the continuance of the Company in Bermuda as an exempted company under the laws of Bermuda, the bye-laws of the Company, a copy of which has been produced to the Meeting marked “**B**” and initialled by the Chairman for the purpose of identification, be and is hereby adopted in substitution for the articles of association of the Company, effective from the date that the memorandum of continuance is approved and registered by the Registrar of Companies in Bermuda;
 - (d) conditional upon the continuance of the Company in Bermuda as an exempted company under the laws of Bermuda, the maximum number of directors of the Company (“**Directors**”) shall, for the time being, be fixed at twenty (20) and the Directors be and are hereby authorised to fill any vacancies on the board of Directors and to appoint additional Directors up to the maximum number determined herein or such other maximum number as may be determined from time to time by members of the Company in general meeting and to appoint alternate Directors at their discretion; and
 - (e) the Directors be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to or in connection with the implementation of the foregoing.”
3. “**THAT** subject to the passing of special resolutions numbered 1 and 2 above:
- (a) conditional upon the Change of Domicile becoming effective and upon compliance by the Company with all statutory requirements under section 46(2) of the companies Act 1981 of Bermuda (as amended), the entire amount standing to the credit of the share premium account of the Company as at the date of passing this resolution be and is hereby reduced to nil and the credit arising from such reduction be credited to an existing account of the Company designated as the contributed surplus account of the Company (“**Contributed Surplus Account**”) (“**Reduction of Share Premium**”);
 - (b) the Directors be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to or in connection with the Reduction of Share Premium and the application of the credit which will be released thereby.”
4. “**THAT** subject to (i) the passing of special resolutions numbered 1 and 2 above and conditional upon the Change of Domicile becoming effective (ii) The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the New Shares (as defined below) arising from the Capital Reorganisation (as defined below) and (iii) the compliance by the Company with the requirements

NOTICE OF THE EGM

applicable to the Capital Reduction (as defined below) pursuant to the Companies Act 1981 of Bermuda, with effect from 9:00 a.m. (Hong Kong time) on the 21st day (if it is not a business day in Hong Kong, the immediately following business day in Hong Kong) after the effective date of the Change of Domicile in Hong Kong time:

- (a) every ten (10) issued and unissued shares of HK\$0.1 each in the existing share capital of the Company be and are consolidated (“**Share Consolidation**”) into one (1) share of HK\$1.00 each (“**Consolidated Shares**”);
- (b) the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation be and is rounded down to a whole number by cancelling any fraction in the issued share capital of the Company arising from the Share Consolidation;
- (c) the issued share capital of the Company be and is reduced by way of a cancellation of the paid up capital of the Company to the extent of HK\$0.99 on each of the then issued Consolidated Shares (together with (b) above, the “**Capital Reduction**”) such that the nominal value of each issued Consolidated Share be and is reduced from HK\$1.00 to HK\$0.01 (each such reduced share, a “**New Share**”);
- (d) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of HK\$1.00 each be and is sub-divided into 100 New Shares of HK\$0.01 each (“**Share Subdivision**”, together with the Share Consolidation and the Capital Reduction, the “**Capital Reorganisation**”);
- (e) the credit arising in the books of the Company from (a) the cancellation of any fraction in the issued share capital of the Company arising from the Share Consolidation; and (b) the reduction of the paid up capital of HK\$360,373,657.446 be credited to the Contributed Surplus Account and the Directors be and are hereby authorised to use the amount then standing to the credit of the Contributed Surplus Account in any manner as may be permitted under the New Bye-laws of the Company and the Companies Act 1981 of Bermuda in effect from time to time and all applicable laws including, without limitation, eliminating or setting off the accumulated losses of the Company from time to time and/or paying dividend and/or making any other distribution out of the Contributed Surplus Account from time to time without further authorisation from the shareholders of the Company and all such actions in relation thereto be and are approved, ratified and confirmed; and

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- (f) the Directors be and are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to or in connection with the Capital Reorganisation involving the Share Consolidation, the Capital Reduction and the Share Subdivision and (where applicable) to aggregate all fractional New Shares and sell them for the benefits of the Company.”

By Order of the Board
China Kingstone Mining Holdings Limited
Mr. Wang Minliang
Chairman

Hong Kong, 5 February 2016

Registered office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Unit 6812–13, 68/F
The Center
99 Queen’s Road Central
Hong Kong

Notes:

- (a) Any shareholder of the Company (“**Shareholders**”) entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on behalf of him/her/it. A proxy needs not be a Shareholder. A Shareholder who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares of the Company in respect of which each such proxy is so appointed.
- (b) In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority, must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Meeting or any adjournment thereof. Completion and delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the Meeting or any adjournment thereof should such member so wishes and, in such event, the form of proxy shall be deemed to be revoked.

The register of members of the Company will be closed from Thursday, 25 February 2016 to Friday, 26 February 2016 (both dates inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for attending the EGM, all transfers, accompanied by the relevant share certificates, have to be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, 24 February 2016.

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- (c) Where there are joint registered holders of any shares of the Company, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present being the most, or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand in the register of members of the Company in respect of the relevant joint holding.
- (d) All votes to be taken at the Meeting shall be conducted by way of poll.

As at the date of this notice, the Board comprises four executive Directors, namely, Mr. Wang Minliang (Chairman), Mr. Zhang Jianzhong, Mr. Zhang Weijun and Ms. Zhang Cui Wei; and three independent non-executive Directors, namely, Mr. Ma Ho Yin, Ms. Wang Yihua and Mr. Sheng Guoliang.