
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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KING STONE ENERGY GROUP LIMITED

金山能源集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00663)

**GENERAL MANDATES TO ISSUE NEW SHARES
AND TO REPURCHASE SHARES;
RE-ELECTION OF RETIRING DIRECTORS;
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company to be held at 17th Floor, V Heun Building, No. 138 Queen’s Road Central, Central, Hong Kong at 11:30 a.m. on Monday, 8 June 2020 is set out on pages 13 to 17 of this circular.

A form of proxy for use at the annual general meeting is enclosed herewith. Whether or not you are able to attend the meeting in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s share registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

29 April 2020

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DEFINITIONS

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

“2019 AGM”	the annual general meeting of the Company held on 3 June 2019
“AGM”	the annual general meeting of the Company to be held at 17th Floor, V Heun Building, No. 138 Queen’s Road Central, Central, Hong Kong at 11:30 a.m. on Monday, 8 June 2020, notice of which is set out on pages 13 to 17 of this circular, or any adjournment thereof
“Articles of Association”	the articles of association of the Company as amended, supplemented or modified from time to time
“Board”	the board of Directors
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of Laws of Hong Kong)
“Company”	King Stone Energy Group Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“core connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the proposed general mandate to issue Shares to be granted to the Directors at the AGM

DEFINITIONS

“Latest Practicable Date”	23 April 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice”	the notice convening the AGM as set out on pages 13 to 17 of this circular
“Repurchase Mandate”	the proposed general mandate to repurchase Shares to be granted to the Directors at the AGM
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers
“%”	per cent.

LETTER FROM THE BOARD



KING STONE ENERGY GROUP LIMITED

金山能源集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00663)

Executive Directors:

Mr. Xu Zhuliang (*Chairman*)

Mr. Zong Hao

Ms. He Qing

*Registered office and principal place
of business in Hong Kong:*

17th Floor, V Heun Building

No. 138 Queen's Road Central

Central, Hong Kong

Independent non-executive Directors:

Mr. Chiu Sui Keung

Mr. Lee Ping

Mr. Lee Kwok Wan

29 April 2020

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE NEW SHARES
AND TO REPURCHASE SHARES;
RE-ELECTION OF RETIRING DIRECTORS;
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to give you notice of the AGM and to provide you with information regarding the ordinary resolutions to be proposed at the AGM relating to, among other matters, (i) the granting to the Directors of the Issue Mandate and the Repurchase Mandate; and (ii) the re-election of Directors.

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE NEW SHARES AND TO REPURCHASE SHARES

At the 2019 AGM, general mandates were granted to the Directors authorising them, among other matters, (a) to exercise the powers of the Company to allot, issue and deal with new Shares not exceeding 20% of the total number of issued Shares; (b) to repurchase Shares not exceeding 10% of the total number of issued Shares; and (c) to extend the general mandate to issue Shares by the number of Shares purchased under the repurchase mandate mentioned in (b) above. Such general mandates would expire at the earlier of (i) the conclusion of the AGM; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of Hong Kong to be held; or (iii) the date on which the ordinary resolutions approving such mandates are revoked or varied by the Shareholders in a general meeting of the Company. Save for a total of 280,000,000 Shares issued on 30 January 2020, no Shares were issued pursuant to such general mandate and no Shares were repurchased by the Company since the 2019 AGM and up to the Latest Practicable Date. The remaining general mandates will lapse at the conclusion of the AGM.

Accordingly, ordinary resolutions will be proposed at the AGM to grant to the Directors general mandates authorising them, among other matters, (a) to exercise the power of the Company to allot, issue and deal with new Shares not exceeding 20% of the total number of issued Shares as at the date of the passing of such resolution; (b) to repurchase Shares not exceeding 10% of the total number of issued Shares as at the date of the passing of such resolution and (c) subject to the passing of the proposed ordinary resolutions to approve the Issue Mandate and the Repurchase Mandate at the AGM, to extend the Issue Mandate by the number of Shares repurchased under the Repurchase Mandate.

As at the Latest Practicable Date, there were 7,290,055,568 Shares in issue. Subject to the passing of the ordinary resolutions to approve the Issue Mandate and the Repurchase Mandate at the AGM and on the basis that no further Shares will be issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed to issue up to a maximum of 1,458,011,113 Shares under the Issue Mandate (assuming the Repurchase Mandate has not been utilized) and to repurchase up to a maximum of 729,005,556 Shares under the Repurchase Mandate.

The Directors have no present intention to exercise the Issue Mandate to allot and issue any new Shares other than Shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme as may be proposed by the Company.

An explanatory statement providing all the information required under the Listing Rules regarding the Repurchase Mandate is set out in Appendix I to this circular.

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTORS

As announced by the Board on 8 November 2019, Mr. Lee Kwok Wan was appointed as an independent non-executive Director. According to Article 94, any Director appointed as an addition to the Board shall hold office only until the next following annual general meeting of the Company. In accordance with Article 94, Mr. Lee Kwok Wan shall retire from his office as Director and, being eligible, offer himself for re-election as independent non-executive Director. At the AGM, an ordinary resolution will be proposed to re-elect Mr. Lee Kwok Wan as independent non-executive Director.

According to Article 103, one-third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation at every annual general meeting of the Company. A retiring Director shall be eligible for re-election. Pursuant to the Articles of Association, Mr. Xu Zhuliang and Ms. He Qing will retire from office and offer themselves for re-election at the AGM. At the AGM, an ordinary resolution will be proposed to re-elect each of Mr. Xu Zhuliang and Ms. He Qing as executive Director.

Brief biographical and other details of the retiring Directors offering themselves for re-election at the AGM, which are required to be disclosed under the Listing Rules, are set out in Appendix II to this circular.

Nomination policy and process for the independent non-executive Directors

In reviewing the structure of the Board, the nomination committee of the Company will consider the structure, size and diversity (including gender, age, cultural and educational background, length of service, skills, knowledge and experience etc.) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. All appointments to the Board are based on meritocracy and the candidates will be assessed based on criteria such as education background and relevant skills and experience for consideration of the operation of the Board as a whole, with a view to maintaining a sound balance of the Board's composition.

Mr. Lee Kwok Wan, an independent non-executive Director proposed to be re-elected at the AGM, has more than 30 years of experience in merger and acquisitions, manufacturing, banking, and investment management. He also has an in-depth knowledge and experience of a wide array of business sectors. The Board is of the view that Mr. Lee Kwok Wan has been committed to devoting time and attention to perform his duties as an independent non-executive Director. He has demonstrated that he has the required character, integrity and experience to perform his duties by providing objective views and independent guidance to the Board and the Board is of the view that that his wide breadth of professional experience and knowledge in his fields have been and will continue to contribute greatly to the diversity of the Board.

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING

The Notice is set out on pages 13 to 17 of this circular at which resolutions will be proposed, among other matters, to approve the grant of the Issue Mandate and the Repurchase Mandate, and re-election of the retiring Directors.

A form of proxy for use at the AGM is enclosed herewith. Whether or not you propose to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the AGM or any adjourned meeting thereof. Completion and return of the form of proxy will not prevent you from attending and voting at the AGM or any adjourned meeting thereof (as the case may be) should you wish to do so.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll (except where the resolution relates purely to a procedural or administrative matter which may be voted on by a show of hands) and accordingly, all resolutions proposed at the AGM will be taken by poll. To the best of the Directors' knowledge, information and belief, no Shareholder is required to abstain from voting on the ordinary resolutions to be proposed at the AGM pursuant to the Listing Rules and/or the Articles of Association.

RECOMMENDATION

The Directors consider that the grant of the Issue Mandate and the Repurchase Mandate, and the re-election of the retiring Directors are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the ordinary resolutions to be proposed at the AGM.

OTHER INFORMATION

Your attention is also drawn to the information as set out in the appendices to this circular.

Yours faithfully
By order of the Board of
KING STONE ENERGY GROUP LIMITED
Zong Hao
Executive Director

This appendix serves as an explanatory statement as required by the Listing Rules and also constitutes the memorandum required under section 239 of the Companies Ordinance to provide the requisite information to you for your consideration of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 7,290,055,568 Shares. Subject to the passing of the ordinary resolution to approve the Repurchase Mandate at the AGM and on the basis that no further Shares will be issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase up to a maximum of 729,005,556 fully paid up Shares, representing 10% of the issued share capital of the Company as at the Latest Practicable Date.

2. REASONS FOR THE REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the value of the net assets and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association and the laws of Hong Kong. A share repurchase may only be made out of the distributable profits of the Company and/or the proceeds of a new issue of Shares.

As compared to the financial position of the Company as at 31 December 2019 (being the date of the Company's latest audited accounts), the Directors consider that the repurchases of securities could have a material adverse impact on the working capital and the gearing position of the Company in the event that the Repurchase Mandate were to be exercised in full during the proposed repurchase period. The Directors do not, however, propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. DISCLOSURE OF INTERESTS

None of the Directors, nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates, have any present intention to sell any Shares to the Company under the Repurchase Mandate if it is approved by the Shareholders.

No core connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company or its subsidiaries, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that if they shall exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate they will exercise the same in accordance with the Listing Rules and the laws of Hong Kong and all applicable laws.

6. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve calendar months were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2019		
April	0.125	0.101
May	0.117	0.104
June	0.117	0.106
July	0.128	0.108
August	0.120	0.080
September	0.105	0.092
October	0.113	0.081
November	0.094	0.075
December	0.149	0.076
2020		
January	0.107	0.082
February	0.095	0.066
March	0.072	0.051
April (up to the Latest Practicable Date)	0.063	0.050

7. SHARE REPURCHASE MADE BY THE COMPANY

Neither the Company nor any of its subsidiaries has repurchased any of the Company's listed securities during the six months immediately prior to the Latest Practicable Date.

8. EFFECT OF THE TAKEOVERS CODE

If a shareholder's proportionate interest in the voting rights of the Company increases as a result of the Directors exercising the powers of the Company to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition of voting rights for the purpose of Rule 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the Directors' information, belief and knowledge, Belton Light Limited, which is wholly owned by Jade Bird Energy Fund II, L.P., is able to exercise or control the exercise of approximately 49.04% of the voting rights in general meeting of the Company. According to the register kept by the Company pursuant to section 336 of the SFO, Goldsino Investments Limited, which is wholly owned by Asia Gate Holdings Co., Ltd., is interested in approximately 14.84% of the share capital of the Company. Save as aforesaid, no other Shareholder held more than 10% of the Shares in issue as at the Latest Practicable Date. Accordingly, on the basis that there is no change in shareholding structure, an exercise of the Repurchase Mandate in full would give rise to an obligation on Belton Light Limited to make a mandatory general offer under Rule 26 of the Takeovers Code. However, the Directors have no present intention to exercise the Repurchase Mandate to the extent that such obligation would be triggered. Save as the foregoing, the Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any purchase made under the Repurchase Mandate.

The Directors have no present intention to exercise the Repurchase Mandate to such an extent that would result in the Company failing to comply with the public float requirements under Rule 8.08 of the Listing Rules.

The details of the Directors who will retire from office by rotation at the AGM and being eligible, would offer themselves for re-election at the AGM, are set out below:

Mr. Xu Zhuliang – Executive Director

Mr. Xu Zhuliang (“**Mr. Xu**”), aged 50, obtained a diploma from Taiyuan University of Technology in 1991. Mr. Xu holds the Safety Qualification Certificate issued by the State Administration of Work Safety. Since 2009, Mr. Xu has been the Assistant to President and Vice President of Beida Jade Bird Group, and is primarily responsible for the management of the company’s coal mine and chemical projects. During the period from 2006 to 2008, Mr. Xu was the manager of Shanxi Tianchengdayang Energy Chemical Industry Co. Ltd., a company specialized in the development, production and processing of energy chemical products. Prior to that, Mr. Xu was the manager of Shanxi Glamour Science & Technology Co. Ltd. During the period from 2002 to 2006, he was responsible for the research and development, investment, construction and operation of the coal mine and chemical projects of that company. He was appointed as the executive Director on 12 March 2013 and becomes Chairman of the Board on 1 March 2020. He is also the chairman of the nomination committee of the Company.

Save as disclosed above, Mr. Xu does not hold any position with the Group. Mr. Xu does not hold any other major appointments and has not held any position or directorships in any other listed public companies during last three years preceding the Latest Practicable Date.

There is no service contract between Mr. Xu and the Company. His remuneration was HK\$1,816,000 for the year ended 31 December 2019 with reference to the prevailing market rate and his duties and responsibilities in the Company.

As confirmed by Mr. Xu, he does not have any relationships with any directors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company. As at the Latest Practicable Date, Mr. Xu does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Xu is not aware of any other matters that need to be brought to the attention of the Shareholders nor is there any information to be disclosed by the Company pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Ms. He Qing – Executive Director

Ms. He Qing (“**Ms. He**”), aged 52, graduated from China University of International Business and Economics with a Bachelor Degree in Chinese. From May 1993 to October 1994, Ms. He was the chief financial officer of Beijing Zhongzhilu Business Conference Service Company Limited (北京中之旅商務會議服務有限公司). From October 1994 to October 2009, she was the chief financial officer of Beijing Foreign Enterprise Air Service Co., Ltd. (北京外企航空服務有限公司). Since October 2009, Ms. He has been the vice president of Beijing Beida Jade Bird Co., Ltd. (北京北大青鳥有限責任公司), responsible for investment management. She has over 20 years of experience in finance and corporate management. She was appointed as the executive Director on 18 April 2017. She is the member of the remuneration committee of the Company.

Save as disclosed above, Ms. He does not hold any position with the Group and she does not hold any other major appointments and has not held any position or directorships in any other listed public companies during last three years preceding the Latest Practicable Date.

There is no service contract between Ms. He and the Company. Her remuneration was HK\$1,200,000 for the year ended 31 December 2019 with reference to the prevailing market rate and her duties and responsibilities in the Company.

As confirmed by Ms. He, she does not have any relationships with any directors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company. As at the Latest Practicable Date, Ms. He does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Ms. He is not aware of any other matters that need to be brought to the attention of the Shareholders nor is there any information to be disclosed by the Company pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Mr. Lee Kwok Wan – Independent Non-Executive Director

Mr. Lee Kwok Wan (“**Mr. Lee**”), aged 56, graduated with a Master in Finance in 1989 from Macquarie University and has more than 30 years of experience in merger and acquisitions, manufacturing, banking, and investment management. He also has an in-depth knowledge and experience of a wide array of business sectors having worked as both the vice president in Beijing and consultant in Hong Kong of Elion Resources group, after being acted as the director of China-Ukraine Fund and Association, senior vice president of private equity in charge of operations of Jin Dou Development Fund under the platform of China Investment Corporation (CIC) in Kazakhstan, and held a series of management positions with multi-national companies and OCBC Baking Group of Singapore in Singapore, Malaysia, Abu Dhabi of United Arab Emirates, Germany, Hong Kong, Kazakhstan and China. Currently, he is the general manager of Heritage Resources Limited which serves as a private equity fund service provider platform. He was appointed as the independent non-executive Director on 8 November 2019. He is the member of the audit committee, nomination committee and remuneration committee of the Company.

Save as disclosed above, Mr. Lee does not hold any position with the Group. Mr. Lee does not hold any other major appointments and has not held any position or directorships in any other listed public companies during last three years preceding the Latest Practicable Date.

There is no service contract between Mr. Lee and the Company. His remuneration was HK\$27,000 for the year ended 31 December 2019 with by reference to the prevailing market rate and his duties and responsibilities in the Company.

As confirmed by Mr. Lee, he does not have any relationships with any directors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company. As at the Latest Practicable Date, Mr. Lee does not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Lee is not aware of any other matters that need to be brought to the attention of the Shareholders nor is there any information to be disclosed by the Company pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

NOTICE OF AGM



KING STONE ENERGY GROUP LIMITED

金山能源集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00663)

NOTICE IS HEREBY GIVEN that the annual general meeting of King Stone Energy Group Limited (the “Company”) will be held at 17th Floor, V Heun Building, No. 138 Queen’s Road Central, Central, Hong Kong at 11:30 a.m. on Monday, 8 June 2020 to transact the following ordinary businesses:

ORDINARY RESOLUTIONS

1. To receive, consider and adopt the audited financial statements, the directors’ report and the auditors’ report for the year ended 31 December 2019.
2. (A) To re-elect Mr. Xu Zhuliang as an executive director of the Company;
(B) To re-elect Ms. He Qing as an executive director of the Company;
(C) To re-elect Mr. Lee Kwok Wan as an independent non-executive director of the Company; and
(D) To authorise the board of directors to fix the remuneration of the directors of the Company.
3. To re-appoint Messrs. Ernst & Young as the auditors of the Company and to authorise the board of directors to fix their remuneration.

As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company:

NOTICE OF AGM

4. **“THAT:**

- (a) subject to sub-paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to issue, allot and deal with additional shares of the Company and to make or grant offers, agreements and options, including warrants, bonds, notes and debentures convertible into shares of the Company which would or might require the exercise of such power, subject to and in accordance with all applicable laws and the memorandum and articles of association of the Company, be and is hereby generally and unconditionally approved;
- (b) the approval in sub-paragraph (a) above shall be in addition to any authorisation given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds, notes and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the total number of shares of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in subparagraphs (a) and (b) above, otherwise than (i) pursuant to a Rights Issue (as hereinafter defined); or (ii) any issue of shares of the Company on the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any bonds, notes, debentures and securities which are convertible into shares of the Company; or (iii) an issue of shares of the Company under any share option scheme or similar arrangement providing for the grant to employees (including directors) of the Company and/or any of its subsidiaries of the rights to subscribe for shares of the Company; or (iv) an issue of shares of the Company in lieu of the whole or part of a dividend on share in accordance with the articles of association of the Company, shall not exceed 20 per cent. of the total number of shares of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

NOTICE OF AGM

- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of Hong Kong to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of shares of the Company open for a period fixed by the directors of the Company to the holders of shares of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the law of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

5. “**THAT:**

- (a) subject to sub-paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the approval in sub-paragraph (a) of this resolution shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company on behalf of the Company during the Relevant Period to procure the Company to purchase its securities at a price determined by the directors of the Company;

NOTICE OF AGM

(c) the total number of shares of the Company to be repurchased by the Company pursuant to the approval in sub-paragraphs (a) and (b) above shall not exceed 10 per cent. of the total number of shares of the Company in issue as at the date of passing this resolution, and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of Hong Kong to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

6. “**THAT** conditional upon resolutions numbered 4 and 5 as set out in the notice convening this meeting being passed, the total number of shares of the Company which are repurchased by the Company under the authority granted to the directors of the Company pursuant to and in accordance with the said resolution numbered 5 above shall be added to the total number of shares of the Company that may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with by the directors of the Company pursuant to and in accordance with the resolution numbered 4 as set out in the notice convening this meeting.”

By Order of the Board of
King Stone Energy Group Limited
Zong Hao
Executive Director

Hong Kong, 29 April 2020

Registered office:
17th Floor, V Heun Building
No. 138 Queen’s Road Central
Central, Hong Kong

NOTICE OF AGM

Notes:

- (1) A shareholder entitled to attend and vote at the meeting may appoint one or more than one proxy to attend and to vote instead of him. A proxy need not be a shareholder of the Company.
- (2) In the case of joint holders of any share, any one of such persons may vote at the said meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders is present at the said meeting, personally or by proxy, that one of the said persons so present whose name stands first on the Register of Members in respect of such share shall alone be entitled to vote in respect thereof.
- (3) In order to be valid, the 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 or authority, must be deposited at the Company's share registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting. Completion and return of a form of proxy will not preclude shareholders from attending and voting in person should they so desire.
- (4) In order to determine entitlement to attend and vote at the meeting, the register of members of the Company will be closed from Wednesday, 3 June 2020 to Monday, 8 June 2020, both days inclusive, during which period no transfer of the shares of the Company can be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 2 June 2020.
- (5) In relation to proposed resolutions nos. 4 and 6 above, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorise the allotment and issue of shares under the Listing Rules. The Directors have no immediate plans to issue any Shares other than the Shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme as may be approved by shareholders.
- (6) In relation to proposed resolution no. 5 above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase shares in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the Listing Rules is set out in Appendix I to the circular dated 29 April 2020.
- (7) All resolutions will be conducted by way of a poll.

As at the date of this notice, the executive Directors are Mr. Xu Zhuliang, Mr. Zong Hao and Ms. He Qing, and the independent non-executive Directors are Mr. Chiu Sui Keung, Mr. Lee Ping and Mr. Lee Kwok Wan.