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CHINA KINGSTONE MINING HOLDINGS LIMITED

中國金石礦業控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 1380)

PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares of par value of HK\$0.01 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.20 each in the share capital of the Company.

The Share Consolidation is conditional upon, amongst other things, the approval of the Shareholders at the SGM. As none of Shareholders or their associates would have a material interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the SGM.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 20,000 Existing Shares. The Board also proposes to change the board lot size for trading on the Stock Exchange from 20,000 Existing Shares to 10,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

GENERAL

A circular containing, among other things, further details of the Share Consolidation and a notice convening the SGM is expected to be despatched to the Shareholders on or before Friday, 2 December 2022.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” in the main text below of this announcement. Accordingly, the Share Consolidation and the Change in Board Lot Size may or may not proceed.

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

PROPOSED SHARE CONSOLIDATION

The Board proposes to put forward to the Shareholders a proposal of the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares of par value of HK\$0.01 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.20 each in the share capital of the Company.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$1,500,000,000, comprising of 150,000,000,000 Existing Shares of par value of HK\$0.01 each, of which 2,832,082,770 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming no further Existing Shares will be allotted, issued or repurchased between the date of this announcement and the date of the SGM, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$1,500,000,000, comprising of 7,500,000,000 Consolidated Shares of par value of HK\$0.20 each, of which 141,604,138 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other in accordance with the Bye-laws. Fraction of Consolidated Shares that arise from the Share Consolidation will not be allocated to Shareholders otherwise entitled thereto and will be aggregated, sold and retained for the benefit of the Company.

Save for the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the SGM;
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the laws of Bermuda and the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the above conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Wednesday, 21 December 2022, being the second Business Day after the SGM.

As at the date of this announcement, none of the conditions above have been fulfilled.

Listing application

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated 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 Consolidated 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Adjustments in relation to other securities of the Company

As at the date of this announcement, the Company has outstanding Share Options entitling the holders thereof to subscribe for up to an aggregate of 259,818,594 Existing Shares under the 2011 Share Option Scheme. Since the adoption date of the 2020 Share Option Scheme and up to this announcement, no Share Option has been granted by the Company under 2020 Share Option Scheme.

Save as aforesaid, the Company does not have any other derivatives, options, warrants and conversion rights or other similar which are convertible or exchangeable into, any Existing Shares or Consolidated Shares, as the case may be.

Pursuant to the terms of the 2011 Share Option Scheme and 2020 Share Option Scheme, the Share Consolidation will cause adjustments to the number of Consolidated Shares to be issued upon the exercise of the Share Options granted and to be granted under the share option schemes of the Company and the respective exercise prices of the outstanding Share Options. The Company will make further announcement(s) as and when appropriate on any adjustments to be made as a result of the Share Consolidation to the exercise price and aggregate number of Consolidated Shares to be allotted and issued upon exercise of the subscription rights attaching to the above outstanding Share Options.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares were traded on the Stock Exchange in board lots of 20,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange to 10,000 Consolidated Shares per board lot, conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.022 per Existing Share (equivalent to the theoretical closing price of HK\$0.44 per Consolidated Share upon the Share Consolidation becoming effective) as quoted on the Stock Exchange as at the date of this announcement, (i) the value of each board lot of 20,000 Existing Shares is HK\$440; and the value of each board lot of 10,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$4,400.

REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. The “Guide on Trading Arrangement for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 has further stated that (i) market price of the Shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

Based on the closing price of HK\$0.022 per Existing Share (equivalent to the theoretical closing price of HK\$0.44 per Consolidated Share upon the Share Consolidation becoming effective) as at the date of this announcement, the value per board lot of 20,000 Existing Shares is HK\$440 and, on the assumptions that the Share Consolidation and the Change in Board Lot Size become effective, the value per board lot of 10,000 Consolidated Shares would be HK\$4,400 with the view to complying with the trading requirements under the Listing Rules.

The Board considers that the proposed Share Consolidation would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange and this will make investing in the Shares more attractive to a broader range of investors and thus further broaden the shareholder base of the Company. Furthermore, as the theoretical market value of each new board lot of the Consolidated Shares upon the Share Consolidation becoming effective will be higher than the market value of each existing board lot of the Existing Shares, the transaction cost as a proportion of the market value of each board lot will be lower. The Board considers that the Share Consolidation would enable the Company to comply with the trading requirements under the Listing Rules and is beneficial to and in the interest of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation. The Company is exploring fund raising opportunities with a view to strengthen the financial position of the Company. As at the date of this announcement, the Company does not have any concrete plan or arrangement to conduct any equity fund raising activities. The Board cannot rule out the possibility that the Company will conduct equity fund raising exercises when suitable fund raising and/or investment opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

OTHER ARRANGEMENTS

Closure of register of members

For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Wednesday, 14 December 2022 to Monday, 19 December 2022 (both days inclusive), during which period no transfer of shares in the Company will be registered. In order to qualify for attending the SGM, 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 Tuesday, 13 December 2022. Shareholders of the Company whose names appear on the Register of Members on 19 December 2022 are entitled to attend and vote at the SGM.

Fractional entitlement to Consolidated Shares following the Share Consolidation

The Consolidated Shares will be rounded down to a whole number and fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares of the Company regardless of the number of share certificates held by such holder.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint Computershare Hong Kong Investor Services Limited as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that the successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of share certificates for Consolidated Shares

Subject to the Share Consolidation becoming effective, which is currently expected to be on Wednesday, 21 December 2022, being the second Business Day immediately after the date of the SGM, Shareholders may during the period from Wednesday, 21 December 2022 to Friday, 3 February 2023 (both days inclusive), submit their existing share certificates for the Existing Shares to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong to exchange for new share certificates for the Consolidated Shares at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the share registrar for each existing share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of share certificates involved is higher.

After Wednesday, 1 February 2023, existing share certificates for the Existing Shares will cease to be valid for trading, settlement and registration purpose, but will remain valid and effective as documents of title.

The colours of existing and new share certificates are in green and blue respectively.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation and the Change in Board Lot Size is set out below. The expected timetable is subject to the results of the SGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Expected despatch date of circular with notice
of the SGM. On or before Friday,
2 December 2022

Latest date and time for lodging transfer documents
in order to qualify for attending and voting at the SGM 4:30 p.m. on
Tuesday, 13 December 2022

Closure of register of members for determining
the entitlement to attend and vote at the SGM. from Wednesday, 14 December 2022
to Monday, 19 December 2022
(both days inclusive)

Latest date and time for lodging forms of proxy
for the SGM (not less than 48 hours prior
to the time of the SGM) 11:00 a.m. on
Saturday, 17 December 2022

Expected date of the SGM 11:00 a.m. on
Monday, 19 December 2022

Announcement of poll results of the SGM Monday, 19 December 2022

The following events are conditional upon the fulfilment of the conditions for the implementation of the Share Consolidation and the Change in Board Lot Size and therefore the dates are tentative:

Effective date of the Share Consolidation Wednesday, 21 December 2022

Dealing in the Consolidated Shares commences 9:00 a.m. on
Wednesday, 21 December 2022

Original counter for trading in the Existing Shares
in board lots of 20,000 Existing Shares (in the form of
existing share certificates) temporarily closes 9:00 a.m. on
Wednesday, 21 December 2022

Temporary counter for trading in the Consolidated Shares
in board lots of 1,000 Consolidated Shares
(in the form of existing share certificates) opens 9:00 a.m. on
Wednesday, 21 December 2022

First day of free exchange of existing share certificates
for new share certificates for the Consolidated Shares Wednesday, 21 December 2022

Original counter for trading in the Consolidated Shares
in board lots of 10,000 Consolidated Shares
(in the form of new share certificates) re-opens. 9:00 a.m. on
Monday, 9 January 2023

Parallel trading in the Consolidated Shares
(in the form of new share certificates for the
Consolidated Shares and existing share certificates)
commences. 9:00 a.m. on
Monday, 9 January 2023

Designated broker starts to stand in the market to
providing matching services for odd lots of the
Consolidated Shares. 9:00 a.m. on
Monday, 9 January 2023

Designated broker ceases to stand in the market to
providing matching services for odd lots of the
Consolidated Shares. 4:00 p.m. on
Wednesday, 1 February 2023

Temporary counter for trading in the Consolidated Shares
in board lots of 1,000 Consolidated Shares
(in the form of existing share certificates) closes. 4:10 p.m. on
Wednesday, 1 February 2023

Parallel trading in the Consolidated Shares
(in the form of new share certificates for the
Consolidated Shares and existing share certificates) ends 4:10 p.m. on
Wednesday, 1 February 2023

Last day for free exchange of existing share certificates
for new share certificates for the Consolidated Shares 4:30 p.m. on
Friday, 3 February 2023

GENERAL

The Share Consolidation will be proposed at the SGM for Shareholders' consideration and, if thought fit, to approve the Share Consolidation. A circular containing, among other things, further details of the Share Consolidation and the notice of the SGM is expected to be despatched to the Shareholders on or before Friday, 2 December 2022.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“2011 Share Option Scheme”	share option scheme adopted by the Company on 24 January 2011
“2020 Share Option Scheme”	share option scheme adopted by the Company on 29 June 2020
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or on which a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Bye-laws”	the bye-laws of the Company currently in full force and effect
“CCASS”	Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system, which is established and operated by the HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administration requirements relating to operations and functions of CCASS, as from time to time
“Change in Board Lot Size”	the proposed change in board lot size for trading on the Stock Exchange from 20,000 Existing Shares to 10,000 Consolidated Shares upon Share Consolidation becoming effective
“Company”	China Kingstone Mining Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, and the shares of which are listed on the Stock Exchange (Stock Code: 1380)
“Consolidated Share(s)”	the ordinary share(s) of HK\$0.20 each in the share capital of the Company after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company

“Existing Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company before the Share Consolidation becoming effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, to approve the Share Consolidation
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every twenty (20) issued and unissued Existing Shares of par value of HK\$0.01 each in the share capital of the Company into one (1) Consolidated Share of par value of HK\$0.20
“Shareholder(s)”	holder(s) of Share(s)
“Share Option(s)”	option(s) to subscribe for new shares of the Company granted under the 2011 Share Option Scheme and/or 2020 Share Option Scheme
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 25 November 2022

As at the date of this announcement, the Board comprises Mr. Zheng, Yonghui, Ms. Zhang, Cuiwei, Mr. Zhang, Weijun and Mr. Zhang, Mian as executive Directors, and Mr. Yang, Ruimin, Mr. Andreas Varianos and Ms. Zu, Rui as independent non-executive Directors.