

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all your Existing Shares or Depositary Interests in China Nonferrous Gold Limited (the "**Company**"), please send this document and the accompanying documents (including the voting forms) at once 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. If you have sold or transferred only part of your holding in the Company, you should retain this document and the accompanying documents and consult the bank, stockbroker or agent through whom the sale was effected.

This document does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No securities may be offered or sold in the United States absent registration or an applicable exemption from registration requirements. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer and its management and financial statements. The Company does not intend to make any public offering of securities in the United States. This document (and the information contained herein) is not for publication or distribution to persons in the United States.

CHINA NONFERROUS GOLD LIMITED

(中国有色黄金有限公司)

(an exempted company incorporated in the Cayman Islands with company number 277188)

**AUTHORITY TO ALLOT AND REPURCHASE SHARES
DISAPPLICATION OF PRE-EMPTION RIGHTS
ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION
INCREASE OF AUTHORISED SHARE CAPITAL, SUB-DIVISION OF SHARE
CAPITAL
PROPOSED CANCELLATION OF ADMISSION TO TRADING ON AIM
AND
NOTICE OF ANNUAL GENERAL MEETING**

Your attention is drawn to the letter from the Non-Executive Chairman of the Company set out on pages 7-14 of this document, which contains the unanimous recommendation of your Board that you vote in favour of the resolutions to be proposed at the Annual General Meeting referred to below.

The Company is seeking Shareholders' approval for the Delisting at the AGM. If passed, the resolution to approve the Delisting will allow the Delisting to occur within a 12 month period from 29 October 2014 to 28 October 2015. The timing of the Delisting is conditional upon the timing of the Hong Kong Listing. The Hong Kong Listing is subject to, among other things, the approval of the Listing Committee and may be affected by a number of factors including the related share offering and market conditions. Subject to the approval of the Listing Committee, it is currently expected that the Hong Kong Listing will occur on 19 November 2014. The Delisting is conditional on Shareholders' approval and the Hong Kong Listing taking place, and will be effective on the London Business Day following the Listing Date. The expected Listing Date and the date of the Delisting are subject to change. Once the date of Delisting is confirmed, the Company will announce such date as soon as practicable.

Notice of the Annual General Meeting of the Company to be held on 28 October 2014, commencing at 09.30 a.m. is set out at the end of this document. Shareholders should ensure that the enclosed Form of Proxy is completed and returned in accordance with the instructions printed on it to Computershare Investor Services PLC, The

Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received no later than 09.30 a.m. on 24 October 2014 or 48 hours before any adjourned meeting. Depositary Interest Holders should ensure that the Form of Instruction is received no later than 09.30 a.m. on 23 October 2014 or 72 hours before any adjourned meeting. Completion and return of a Form of Proxy or a Form of Instruction will not preclude a Shareholder or a Depositary Interest Holder from attending in person and voting at the Annual General Meeting.

Copies of this document will be available free of charge at Unit 2.24 The Plaza, 535 Kings Road, London SW10 0SZ and from the offices of Pinsent Masons LLP at 30 Crown Place, London EC2A 4ES during normal business hours and a copy is available on the website of the Company.

CONTENTS

	Page
Expected Timetable of Principal Events	1
Definitions	2
Directors and Advisers	6
Letter from the Non-Executive Chairman	7
Notice of Annual General Meeting	28

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Instruction for the Annual General Meeting	9.30a.m. on 23 October 2014
Closing date of the register of Depositary Interests for the purpose of the Annual General Meeting	6.00p.m. on 23 October 2014
Latest time and date for receipt of Forms of Proxy for the Annual General Meeting	9.30a.m. on 24 October 2014
Closing date of the share register of the Company for the purpose of the Annual General Meeting	6.00pm on 24 October 2014
Annual General Meeting	9.30a.m. on 28 October 2014

All references in this document are to London time unless otherwise stated.

DEFINITIONS

The following definitions apply throughout this document, unless otherwise stated or unless the context requires otherwise:

"AGM" or "Annual General Meeting"	the annual general meeting of the Company to be held at 9.30 a.m. on 28 October 2014 at Speechly Bircham LLP, 6 New Street, London EC4A 3LX in accordance with the formal notice convening the AGM as set out at the end of this document
"AIM"	the AIM market operated by the London Stock Exchange
"AIM Rules"	the rules for AIM companies published by the London Stock Exchange from time to time
"Articles of Association"	the current articles of association of the Company
"Board"	the board of Directors
"business day"	a day (other than a Saturday or a Sunday) on which banks in London and Hong Kong are open for normal banking business
"Cayman Companies Law"	The Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Computershare Cayman"	Computershare Investor Services (Cayman) Limited, the Company's principal share registrar
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Company"	China Nonferrous Gold Limited, an exempted company incorporated in the Cayman Islands with limited liability on 24 April 2013
"Conditions"	(i) The Listing Committee granting the listing and permission to deal in the New Shares in issue and to be issued (including New Shares to be issued pursuant to the exercise of the Over-allotment Option, the Pre-IPO Options and options which may be granted under the Share Option Scheme); (ii) the entry into the agreement on the Offer Price between the Company and the Sole Global Coordinator; and (iii) the obligations of the underwriters under the underwriting agreements to be entered into by the Underwriters becoming unconditional, in each case on or before such dates as may be specified in the underwriting agreements
"CREST"	the relevant system (as defined in the UK Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the UK Uncertificated Securities Regulations 2001)
"Delisting"	the cancellation of admission to trading on AIM of the Existing Shares
"Depositary"	Computershare Investor Services PLC
"Depositary Interest Holder"	a holder of Depositary Interests
"Depositary Interests"	the depositary interests in respect of the underlying Existing Shares
"Directors"	the directors of the Company

"Existing Option Agreements"	individual share option agreements entered into between Kryso Resources Plc and certain individuals
"Existing Option Scheme"	the existing share option scheme of Kryso Resources Plc which was adopted on 24 November 2004 and amended on 23 July 2008
"Existing Shares"	ordinary shares in the capital of the Company prior to the passing of Resolution 10 and the shares being sub-divided into New Shares
"Form of Instruction"	the depositary interest form of instruction enclosed with this document for use at the AGM
"Form of Proxy"	the form of proxy enclosed with this document for use at the AGM
"Global Offering"	the share offering comprising the Hong Kong Public Offering and the International Offering
"Group"	the Company and its subsidiaries at the relevant time
"HKSCC"	the Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Business Day"	a day (other than a Saturday or a Sunday) on which banks in Hong Kong are open for normal banking business
"Hong Kong Listing"	the listing of the New Shares on the Main Board of the Hong Kong Stock Exchange
"Hong Kong Public Offering"	the offer for subscription or for sale of Offer Shares to the public in Hong Kong
"Hong Kong Offer Shares"	the New Shares being initially offered by the Company for subscription and the Offer Price pursuant to the Hong Kong Public Offering
"Hong Kong Share Certificates"	share certificates issued by the Hong Kong Share Registrar evidencing the successful registration of the New Shares on the Hong Kong share register of the Company
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited, the Company's Hong Kong share registrar
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"International Offer Shares"	the New Shares being initially offered by the Company for subscription at the Offer Price pursuant to the International Offering together, where relevant, with any additional New Shares issued or sold pursuant to the exercise of the Over-allotment Option
"International Offering"	the conditional offering of the International Offer Shares outside the United States in reliance on Regulations of the United States Securities Act of 1933 (as amended, and the rules and regulations promulgated thereunder)
"Listing Committee"	the listing sub-committee of the board of directors of the Hong Kong Stock Exchange
"Listing Date"	the date from which the New Shares are listed, and dealings

	therein are first permitted to take place, on the Hong Kong Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"London Business Day"	any day upon which the London Stock Exchange is open for business
"London Stock Exchange"	London Stock Exchange plc
"New Memorandum and Articles"	the new memorandum and articles of association of the Company proposed to be adopted pursuant to Resolution 11 conditional on the Hong Kong Listing, and with effect from the Listing Date
"New Shares"	ordinary shares in the capital of the Company assuming Resolution 10 is passed and the Existing Shares are accordingly sub-divided
"Notice"	the notice of AGM set out at the end of this document
"Offer Price"	the final price per Offer Share in Hong Kong dollars
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares including, where relevant, any additional New Shares allotted and issued pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option granted by the Company to the Sole Global Coordinator pursuant to which the Company may be required to allot and issue New Shares to cover, amongst other things, over-allocation in the International Offering
"£"	United Kingdom pound sterling, the lawful currency of the United Kingdom
"Pre-IPO Options"	options over Existing Shares with various exercise prices granted pursuant to the Existing Share Option Scheme and Existing Option Agreements
"PRC" or "China"	the People's Republic of China and, except where the context otherwise requires, references in this document to China or the PRC exclude Hong Kong, Macau Special Administration Region and Taiwan
"Proposals"	the principal proposals to be voted on by Shareholders at the AGM
"Record Date"	the date falling on or around 3 business days before the Listing Date
"Resolutions"	the resolutions proposed in the notice of AGM at the end of this document
"Shareholders"	holders of Existing Shares or New Shares (as applicable)
"Share Option Scheme"	the share option scheme conditionally adopted by the Company upon passing Resolution 7
"Shares"	Existing Shares or, if Resolution 10 is passed, New Shares
"Sole Global Coordinator"	Guotai Junan Securities (Hong Kong) Limited
"Underwriters"	the underwriters of the Hong Kong Public Offering and the

underwriters of the International Offering

"United Kingdom" or "UK"

the United Kingdom of Great Britain and Northern Ireland

"United States"

United States of America, its territories and possessions, any State of the United States and the District of Columbia

"US\$"

United States dollars, the lawful currency of the United States

Information relating to forward-looking statements

This document contains a number of forward-looking statements relating to the Company with respect to, amongst others, the following: financial conditions; results of operations; economic conditions in which the Company operates; the business of the Company; and management plans and objectives. The Company considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of the Company to differ materially from the information presented in the relevant forward-looking statement. When used in this document the words "estimate", "project", "intend", "aim", "anticipate", "believe", "expect", "should", and similar expressions, as they relate to the Company or the management of it, are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this document. The Company does not undertake any obligation publicly to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, save in respect of any requirement under applicable laws, the AIM Rules, the Listing Rules and other regulations.

DIRECTORS AND ADVISERS

Directors	Luo Tao (<i>Non-Executive Chairman</i>) David (Weili) Tang (<i>Executive Director</i>) Leonard Lee (Li Li) (<i>Executive Director</i>) Wang Yubin (<i>Executive Director</i>) Abuali Ismatov (<i>Non-Executive Director</i>) Che Pizhao (<i>Non-Executive Director</i>)
Registered Office	c/o Intertrust Corporate Services (Cayman) Limited 190 Elgin Avenue George Town Grand Cayman KY1-9005 Cayman Islands
Nominated Adviser and Broker	Investec Bank plc 2 Gresham Street London EC2V 7QP
Depository	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZY
Registered Agent	Intertrust Corporate Services (Cayman) Limited 190 Elgin Avenue George Town Grand Cayman, KY1 – 9005 Cayman Islands
Cayman Legal Advisers	Walkers Suite 1501 - 1507 Alexandra House 18 Chater Road Central Hong Kong
UK Legal Advisers	Pinsent Masons LLP 30 Crown Place London EC2A 4ES Speechly Bircham LLP 6 New Street Square London EC4A 3LX
Company's website	www.cnfgold.com

Letter from the Non-Executive Chairman of China Nonferrous Gold Limited
(an exempted company incorporated in the Cayman Islands with company number 277188)

Directors:

Luo Tao (*Non-Executive Chairman*)
David (Weili) Tang (*Executive Director*)
Leonard Lee (Li Li) (*Executive Director*)
Wang Yubin (*Executive Director*)
Abuali Ismatov (*Non-Executive Director*)
Che Pizhao (*Non-Executive Director*)

Registered Office:

c/o Intertrust Corporate Services (Cayman) Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9005
Cayman Islands

3 October 2014

To Shareholders, Depositary Interest Holders and, for information only, holders of Pre-IPO Options

AUTHORITY TO ALLOT AND REPURCHASE SHARES
DISAPPLICATION OF PRE-EMPTION RIGHTS
ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION
INCREASE OF AUTHORISED SHARE CAPITAL, SUB-DIVISION OF SHARE CAPITAL
PROPOSED CANCELLATION OF ADMISSION TO TRADING ON AIM
AND
NOTICE OF ANNUAL GENERAL MEETING

1. INTRODUCTION

This document includes the Company's Notice of Annual General Meeting and sets out the background to and the reasons for the Proposals.

On 10 September 2014, the Company announced that it had made an application for the Hong Kong Listing. The Directors believe that a Hong Kong Listing will provide the Company with access to a larger capital market with higher liquidity. In connection with the Hong Kong Listing, the Company will conduct the Global Offering.

The Company is seeking Shareholders' approval for the Proposals. The Proposals include a proposal to grant the Directors authority to issue shares for cash and a proposal to cancel the admission of the Existing Shares to trading on AIM conditional upon the Hong Kong Listing occurring and on the London Business Day following the Listing Date.

The Directors expect that the earliest possible date that the Hong Kong Listing will occur on is 19 November 2014 and the Delisting will occur on 20 November 2014. Once the final date of the Hong Kong Listing and the date of Delisting are confirmed, the Company will announce such dates as soon as practicable.

The purpose of this document is to give you further information about the background to and reasons for the Proposals, and to seek Shareholders' approval of the Resolutions at the Annual General Meeting, notice of which is set out at the end of this document.

2. BACKGROUND TO AND REASONS FOR THE HONG KONG LISTING AND DELISTING

On 10 September 2014, the Company announced that an application for a Hong Kong Listing had been made.

Since the admission of the ordinary share capital of Kryso Resources Plc (now Kryso Resources Limited) to trading on AIM in December 2004, and the subsequent admission of the Existing Shares to trading on AIM in July 2013, AIM has served the Company, its Group and Shareholders well. However, the Directors believe that the Company will be better served by listing its shares on a larger stock market with higher liquidity which can better accommodate the Company's project growth and at the same time

increase the liquidity of its shares.

The Directors have considered the advantages and disadvantages of maintaining the Company's admission to AIM after the New Shares are listed on the Hong Kong Stock Exchange, and have concluded that it will not be in the best interests of the Company and the Shareholders to maintain a listing on two different stock exchanges. The Directors are of the view that a dual-listing is likely to result in division of liquidity between the two markets, which may partly negate the benefits of joining a larger stock market with higher liquidity and any potential benefits to the valuation of the New Shares. A dual-listing on the Hong Kong Stock Exchange and AIM would also incur additional legal, audit, compliance and other fees as well as management time, and require additional management resources as the Company would have to comply with two sets of regulatory and disclosure requirements. Accordingly, the Directors believe that the additional time and costs required to maintain a dual-listing will outweigh its benefits. The Company proposes to cancel the admission of the Existing Shares to trading on AIM conditional upon the Hong Kong Listing occurring and on the London Business Day following the Listing Date.

The Hong Kong Listing is subject to, among other things, the approval of the Listing Committee and may be affected by a number of factors including the related share offering and market conditions. Subject to the approval of the Listing Committee, it is currently expected that the Hong Kong Listing will occur on 19 November 2014. The Delisting is conditional on Shareholders' approval and the Hong Kong Listing taking place, and will be effective on the London Business Day following the Listing Date. The expected Listing Date and the date of the Delisting are subject to change. Once the Listing Date and date of the Delisting are confirmed, the Company will make an announcement regarding such dates as soon as practicable.

3. **TEMPORARY SUSPENSION, DELISTING AND THEIR EFFECT ON SHAREHOLDERS AND THE COMPANY**

Pursuant to AIM Rule 41, the Company must provide at least twenty business days' notice of its intention to delist. The Delisting is currently expected to take place at 7.00 a.m. on the London Business Day following the proposed Hong Kong Listing, which is currently expected to be on 19 November 2014. However, to enable the transfer of the share register from the Cayman Islands to Hong Kong the Existing Shares will be suspended from trading on AIM ("**Suspension**") for eleven business days immediately prior to Delisting. During this time Shareholders will not be able to trade in the Existing Shares. Suspension is currently expected to take place no earlier than 7.30 a.m. on 5 November 2014.

Once the date of Delisting is confirmed, the Company will announce such date as soon as practicable, and will separately notify the London Stock Exchange of such date in accordance with the AIM Rules.

The Delisting is conditional upon:

- (a) the passing of Resolution 14 by the Shareholders holding not less than 75 per cent. of votes cast in accordance with the AIM Rules; and
- (b) the Hong Kong Listing taking place within twelve months from the passing of Resolution 14.

Resolution 14, if passed at the AGM, will allow the Delisting to occur within a twelve month period from 29 October 2014 until 28 October 2015. However, it is expected that the Hong Kong Listing will occur on 19 November 2014. The Delisting is conditional upon and will only become effective from the London Business Day following the Hong Kong Listing. Once the Listing Date and the date of Delisting are confirmed, the Company will announce such dates as soon as practicable.

In the event that the Hong Kong Listing does not occur on or before 28 October 2015, and the Directors still believe that it is in the best interests of the Company to list the New Shares on the Main Board of the Hong Kong Stock Exchange and to delist from AIM, the Company will seek a further resolution from the Shareholders in the same form as Resolution 14 to approve the cancellation of admission to trading on AIM of the Existing Shares conditional on the Hong Kong Listing taking place.

Subject to the approval of Resolution 14 the Company will include a statement that the Delisting has been approved in all future announcements made prior to the Delisting.

Following the Hong Kong Listing and the Delisting, all Shareholders will retain their existing

Shareholding albeit they will hold five (5) times more New Shares than Existing Shares assuming Shareholders approve the proposed sub-division of Shares in the ratio of one Existing Share to five New Shares pursuant to Resolution 10. The Existing Shares are currently registered on the Company's Cayman share register for the purposes of trading on AIM. Following the Hong Kong Listing and the Delisting, the share register of the Company in respect of the New Shares listed on the Hong Kong Stock Exchange will be maintained in Hong Kong by the Hong Kong Share Registrar. New Shares not registered on the Hong Kong share register on the first day of the Hong Kong Listing will not be able to be traded on the Hong Kong Stock Exchange from the first day of the Hong Kong Listing. For further details, please see paragraph 4 below.

Liability to taxation and any taxation effect of the Hong Kong Listing or the Delisting will depend upon the individual circumstances of, and the tax jurisdiction applicable to, each Shareholder. The Company cannot advise you on tax or other consequences if your Existing Shares are moved to the Hong Kong share register. If you are in any doubt as to your own tax position, you should consult an appropriate independent professional adviser. You should also consult an appropriate independent professional adviser as to whether you require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable you to continue to hold your New Shares after the Hong Kong Listing and the Delisting becoming effective.

Following the Delisting, the Company will cease to have a nominated adviser and it will no longer be required to comply with the AIM Rules. Furthermore, following the Delisting there will be no market facility in the UK to deal in the New Shares and any Shareholder wishing to sell their New Shares will either have to sell their New Shares privately or through a broker on the Hong Kong Stock Exchange. Details of this process are set out in paragraph 6 below.

The Company will, however, continue to hold annual general meetings and send shareholders notices of any shareholder meetings in accordance with the applicable statutory requirements and its articles of association and will also send Shareholders copies of the Company's annual reports and interim reports.

Upon the Hong Kong Listing, the Company will be subject to the Listing Rules. Pursuant to the requirements of the Listing Rules, the Company will have at least three independent non-executive directors. It is proposed that the Company will have an audit committee comprising a non-executive director and two independent non-executive directors, a remuneration committee comprising a non-executive director and two independent non-executive directors, and a nomination committee comprising a non-executive director and two independent non-executive directors.

4. ACTIONS TO BE TAKEN IF YOU WISH YOUR NEW SHARES TO BE REGISTERED ON THE HONG KONG SHARE REGISTER ON THE FIRST DAY OF THE HONG KONG LISTING

The Existing Shares issued in the capital of the Company are currently registered on the Company's Cayman share register for the purposes of trading on AIM. In order for the New Shares to be traded on the Hong Kong Stock Exchange, it will be necessary for such New Shares to be moved from the Cayman share register to the Hong Kong share register, and only certificates for New Shares issued by the Hong Kong Share Registrar will be valid for delivery in respect of dealings effected on the Hong Kong Stock Exchange.

The Delisting is conditional on Shareholders' approval and the Hong Kong Listing taking place, and will be effective on the London Business Day following the Listing Date. Should the application for the Hong Kong Listing be approved by the Listing Committee, the Company will set the Record Date, which is currently expected to be a date falling on or around 3 business days before the expected Listing Date. An announcement of the Record Date, once determined, will be made as soon as practicable.

If your Existing Shares are held through Depositary Interests in CREST

If you hold your Existing Shares (through Depositary Interests) in CREST and want your New Shares to be registered on the Hong Kong share register on the first day of the Hong Kong Listing, you will need to arrange with your broker for a stock withdrawal instruction to be sent through the CREST system requesting the number of Existing Shares to be withdrawn from CREST and confirming the person to be registered as the holder of the New Shares on the Hong Kong share register.

If your Existing Shares are held in certificated form

Your Hong Kong Share Certificates will be dispatched to you by ordinary post at your own risk on the Listing Date. You should note that Hong Kong Share Certificates dispatched by post may or may not reach Shareholders on the Listing Date.

Upon receiving the Hong Kong Share Certificates, Shareholders who wish to trade in the New Shares on the Hong Kong Stock Exchange will need to deposit their Hong Kong Share Certificates with a Hong Kong broker or nominee. The time required for brokers to process the deposit of share certificates will vary between individual broker or nominee. Shareholders should therefore consult their respective brokers or nominees and make appropriate arrangements.

You will not be able to trade your Existing Shares in the eleven business day period immediately prior to Delisting when the Existing Shares will be suspended from trading on AIM to enable the transfer of the share register from the Cayman Islands to Hong Kong. If you hold your Existing Shares in certificated form, in order for your New Shares to be traded on the Hong Kong Stock Exchange you will need to have deposited your Hong Kong Share Certificates with a Hong Kong broker or nominee in accordance with the arrangements made with your broker or nominee. If you hold your Existing Shares in uncertificated form in CREST you will need to arrange with your broker for a stock withdrawal instruction to be sent through the CREST system requesting the number of Existing Shares to be withdrawn from CREST and confirming the person to be registered as the holder of the New Shares on the Hong Kong share register.

5. **UPON DELISTING, NEW SHARES REMAINING ON THE CAYMAN SHARE REGISTER WILL BE AUTOMATICALLY MOVED TO THE HONG KONG SHARE REGISTER**

Following the Delisting, New Shares will no longer be able to be settled in CREST. Further, the Cayman share register will be closed and the Depositary Interests facility will no longer be made available, and Depositary Interests will be cancelled in accordance with the terms of the deed in respect of the Company's Depositary Interests made by the Depositary on 24 June 2013. Any New Shares which remain on the Cayman share register following Delisting will (in the case of New Shares held in the form of Depositary Interests, having been automatically rematerialised on the Listing Date), be automatically moved to the Hong Kong share register. The Company will complete the removal of the New Shares on the Cayman share register to the Hong Kong share register on the Listing Date. **Shareholders should note that until the removal is successfully completed, the New Shares will not be able to be traded on the Hong Kong Stock Exchange.** Share certificates will be issued and sent to the name and address that appears on the Hong Kong share register on the date of the Hong Kong Listing. **Upon receiving the Hong Kong Share Certificates, Shareholders who wish to trade in the New Shares on the Hong Kong Stock Exchange will need to deposit their share certificates with a Hong Kong broker or nominee.** The time required for brokers to process the deposit of share certificates will vary among individual broker or nominee. Shareholders should therefore consult their respective brokers or nominees and make appropriate arrangements.

6. **TRADING OF NEW SHARES ON THE HONG KONG STOCK EXCHANGE FOLLOWING HONG KONG LISTING**

Brokers and nominees

It is emphasised that in order for the New Shares to be available for trading on the Hong Kong Stock Exchange, the relevant Hong Kong Share Certificates must be deposited with a Hong Kong broker or nominee. When moving the New Shares to the Hong Kong share register, if you want your New Shares to be registered and the relevant Hong Kong Share Certificates to be issued in the name of your Hong Kong broker or nominee, you should request Computershare Cayman to effect an amendment of title to the Hong Kong broker or nominee to whom you would like the Hong Kong Share Certificates to be issued.

Your current UK broker may have nominee and custodial arrangements in Hong Kong and be enabled to trade on the Hong Kong Stock Exchange. If so and you wish to hold your New Shares through such broker, you must request that they amend your details on the Cayman share register so that the Hong Kong Share Certificates are sent to your Hong Kong broker or nominee. You should request Computershare Cayman to effect an amendment of title to the Hong Kong broker or nominee before the Record Date.

The Directors believe that many Shareholders will be able to trade in the New Shares through their

current broker (as many UK brokers have a Hong Kong counterparty). However, in order to ensure that all Shareholders have the ability to trade their New Shares on the Hong Kong Stock Exchange, the Company has made informal arrangements with the following London based retail brokers who are able to trade on the Hong Kong Stock Exchange and have agreed, subject to their account opening procedures, to act for Shareholders in their trading activities on the Hong Kong Stock Exchange:

Hargreave Hale

(Accurist House, 44 Baker Street, London W1U 7AL, telephone: +44 (0)20 7009 4972, contact name: Andrew Pang, e-mail: andrew.pang@hargreave.com).

Hume Capital Securities

(3rd Floor, 1 Carey Lane, London EC2V 8AE, telephone: +44 (0)20 3693 1470, contact name: Jon Belliss, e-mail: jon.belliss@humecapital.com).

The above brokers will facilitate Shareholders' dealings in New Shares on the Hong Kong Stock Exchange and will be able to guide Shareholders through the registration process. These brokers will require the relevant Shareholders to go through their internal account opening procedures. These, as well as all commission and other arrangements, will be subject to agreement between the relevant broker and the relevant Shareholder, and the Company will not have any liability in respect of such arrangements.

It is the responsibility of each Shareholder to inform Computershare Cayman, either directly or through his broker, of his correct registration details no later than the Record Date as applicable.

Transaction costs

The transaction costs of dealings in the New Shares on the Hong Kong Stock Exchange include a Hong Kong Stock Exchange trading fee of 0.005 per cent. a Hong Kong Securities and Futures Commission transaction levy of 0.003 per cent. (which will be reduced to 0.0027 per cent. with effect from 1 November 2014), a transfer deed stamp duty of HK\$5.00 per transfer deed and ad valorem stamp duty on both the buyer and the seller charged at the rate of 0.1 per cent. each of the consideration or, if higher, the fair value of the New Shares transferred. The brokerage commission in respect of trades of New Shares on the Hong Kong Stock Exchange is freely negotiable.

Settlement

Share trading in Hong Kong is on "T+2 settlement", meaning that share transactions are settled (i.e. paid) two Hong Kong Business Days after the relevant trading date.

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the New Shares and the Company complies with the stock admission requirements of HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the New Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Hong Kong Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

The CCASS stock settlement fee payable by each counterparty to a Hong Kong Stock Exchange trade is currently 0.002 per cent. of the gross transaction value, subject to a minimum fee of HK\$2 and a maximum fee of HK\$100 per trade.

7. AUTHORITY TO ISSUE SHARES AND TO DISAPPLY PRE-EMPTION RIGHTS

AGM authorities

Resolution 6 will be put forward to Shareholders to approve (i) a general authority to allot 76,000,000

Existing Shares (and such authority will remain in place in the event that the Global Offering does not proceed) or (ii) if the Global Offering proceeds, a general authority to allot up to 465,542,292 New Shares or such larger number of New Shares not exceeding 20 per cent. of the aggregate nominal value of the issued shares in the capital of the Company immediately following completion of the Global Offering and, by passing Resolution 12, to do so in each case for cash as if the pre-emption rights set out at Articles 8-8.4 and 8.6 of the Articles of Association did not apply. Resolutions 6 and 12(b) are to enable the Directors to carry out the Company's objectives and will ensure the Company is in a position to pursue and take advantage of growth opportunities as and when they arise. These authorities are proposed whether or not the Hong Kong listing proceeds and will also enable the Directors to raise additional working capital to fund potential future work programmes without having to incur the time delay and cost of convening a further general meeting.

Global Offering and related authorities

The Company will conduct the Global Offering as part of the Hong Kong Listing. Accordingly, at the AGM, Resolutions will be put forward to the Shareholders to approve, subject to satisfaction of the Conditions, the Global Offering, the Over-allotment Option (see further at paragraph 12 below), the Hong Kong Listing and approve and adopt the Share Option Scheme and to authorise the Directors to allot, issue and otherwise deal with (i) 420,000,000 (or such larger number as the Directors may determine to be appropriate pursuant to the Global Offering) additional New Shares, in connection with the Global Offering, (ii) New Shares pursuant to the exercise of subscription rights attaching to any options granted under the Share Option Scheme, (iii) New Shares upon exercise of the Pre-IPO Options, (iv) up to 63,000,000 (or such larger number as the Directors may determine) New Shares pursuant to the Over-allotment Option and to do so in each case in respect of such Shares for cash as if the pre-emption rights set out in Articles 8 – 8.4 and 8.6 of the Articles of Association did not apply, by passing Resolution 12.

8. INCREASE OF AUTHORISED SHARE CAPITAL

The Company is proposing to increase its authorised share capital from US\$50,000 to US\$200,000 by the creation of an additional 1,500,000,000 Existing Shares of US\$0.0001 each.

9. SUBDIVISION OF EXISTING SHARES

The Company is proposing, conditional on, and effective from, the Global Offering becoming unconditional, to sub-divide each Existing Share (authorised, issued and unissued) in the capital of the Company into five New Shares of US\$0.00002 each (the "**Sub-division**"). It is intended that the resulting lower nominal value and increased number of shares will encourage greater liquidity in the New Shares following the Hong Kong Listing.

If Resolution 10 is passed at the AGM, the Company will issue share certificates in respect of the New Shares on the Hong Kong Business Day before the Hong Kong Listing. The new certificates will come into effect immediately upon the Hong Kong Listing. When new certificates are issued, the existing share certificates for the Existing Shares will become void. Also, any options held over the Existing Shares will be adjusted to reflect the Sub-division pursuant to the terms of the Existing Option Scheme and the Existing Option Agreements, so that each holder of Pre-IPO Options shall hold an option over 5 New Shares in place of every option over 1 Existing Share, and the exercise price for each New Share shall be divided by 5 so that the aggregate amounts payable for such options remain unaffected as a result of the Sub-division.

10. ADOPTION OF NEW MEMORANDUM AND ARTICLES

The Company is proposing, pursuant to Resolution 11 and conditional on the Hong Kong Listing occurring, to adopt the New Memorandum and Articles to reflect the requirements of the Hong Kong Stock Exchange and to incorporate the amendments to the New Memorandum and Articles pursuant to Resolutions 9 and 10. A copy of the New Memorandum and Articles will be produced to the Meeting. It is emphasised that if Resolution 11 is passed at the AGM, the New Memorandum and Articles will only take effect upon the Hong Kong Listing taking place.

A summary of the New Memorandum and Articles of the Company is set out on pages 17 to 28. However, this is not a definitive or comprehensive analysis and Shareholders should review the New Memorandum and Articles in full and take appropriate advice if they so wish. A copy of the New

Memorandum and Articles can be accessed at www.cnfgold.com.

11. **SHARE OPTION SCHEME**

The Company is proposing, subject to the passing of Resolutions 7 and 12 and subject to the satisfaction of certain conditions, to grant options to subscribe for New Shares under the Share Option Scheme.

The purpose of the Share Option Scheme is to motivate the eligible persons ("**Eligible Persons**") under the Share Option Scheme (including directors, employees, advisers and consultants of the Group) to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions. Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time during the life of the Share Option Scheme to offer the grant of any options to any Eligible Person as the Board may in its absolute discretion select. The basis of eligibility shall be determined by the Board from time to time.

12. **APPROVAL OF THE OVER-ALLOTMENT OPTION**

The Company is proposing, subject to the passing of Resolution 7, to grant an option to the Sole Global Coordinator pursuant to which the Company may be required to allot and issue up to 63,000,000 additional New Shares (in aggregate representing 15 per cent. of the New Shares initially being offered under the Global Offering) or such number of New Shares as may be appropriate to cover, among other things, over-allocation in the International Offering.

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the offer price in Hong Kong, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, Guotai Junan Securities (Hong Kong) Limited, as stabilising manager, or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Any market purchases of New Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on Guotai Junan Securities (Hong Kong) Limited or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of Guotai Junan Securities (Hong Kong) Limited and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of Offer Shares that may be over-allocated will not exceed the number of Offer Shares that may be sold under the Over-allotment Option, which is 15 per cent. of the Offer Shares initially available under the Global Offering.

13. **MARKET PURCHASE**

Resolution 13 sets out an authority for the Company to repurchase up to 10 per cent. of the aggregate nominal value of the issued share capital of the Company. To comply with the Listing Rules, the resolution states that, in the event that the Hong Kong Listing takes place, the buy-back authority will remain in place (save for limitations in respect of the amount of shares that can be purchased, based on the Company's issued share capital immediately following the Hong Kong Listing). Further, Resolution 8 provides for the Directors' authority to allot pursuant to Resolution 6 to be extended to include any Shares which are repurchased pursuant to Resolution 13.

The explanatory statement required by the Listing Rules to be sent to Shareholders in connection with the proposed general mandate to repurchase Shares is set out at pages 15 and 16 of this document. The explanatory statement contains all the information which is reasonably necessary to enable the

Shareholders to make an informed voting decision on the relevant resolution.

14. **ANNUAL GENERAL MEETING**

You will find the Notice of AGM set out at the end of this document. The AGM (at which the Resolutions will be proposed) will be held at 09.30 a.m. on 28 October 2014. All the Shareholders are entitled to vote for or against any of the Resolutions.

Resolutions 1 to 5 deal with the ordinary business that normally takes place at the annual general meeting of the Company.

15. **ACTION TO BE TAKEN**

Shareholders will find a Form of Proxy enclosed for use at the Annual General Meeting. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible. To be valid, completed Forms of Proxy must be received by the Company's registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 09.30 a.m. on 24 October 2014, being 48 hours before the time appointed for holding the Annual General Meeting. Completion of the Form of Proxy will not preclude you from attending and voting at the Annual General Meeting in person if you so wish.

Depository Interest Holders will find a Form of Instruction enclosed for use at the Annual General Meeting. Whether or not you wish to be present at the Annual General Meeting, you are requested to complete and return the Form of Instruction or lodge a vote through the CREST system in accordance with the instructions printed thereon as soon as possible. To be valid, completed Forms of Instruction must be received by the Depository at The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 09.30 a.m. on 23 October 2014, being 72 hours before the time appointed for holding the Annual General Meeting.

Completion of the Form of Instruction will not preclude you from attending and voting at the Annual General Meeting in person if you so wish.

16. **RECOMMENDATION**

The Board considers that the Resolutions to be put to the AGM are in the best interests of the Company and its Shareholders as a whole for the reasons set out in paragraph 2 of this letter. Accordingly, the Directors unanimously recommend that all Shareholders vote in favour of the Resolutions to be proposed at the AGM.

The Hong Kong Listing is subject to, among other things, the approval of the Listing Committee and may be affected by a number of factors including the related share offering and market conditions. Subject to the approval of the Listing Committee, it is currently expected that the Hong Kong Listing will occur on 19 November 2014. The Hong Kong Listing, the related share offering and/or the Delisting may or may not occur on 19 November 2014 (in the case of the Hong Kong Listing), 20 November 2014 (in respect of the Delisting) or at all. Shareholders and other investors are therefore reminded to exercise all due caution when dealing in the Existing Shares.

Yours faithfully

Luo Tao
Non-Executive Chairman

EXPLANATORY STATEMENT TO REPURCHASE SHARES

Repurchase by the Company of its own Shares

This explanatory statement includes information required under the Listing Rules to be given to the Shareholders regarding the proposed share repurchase mandate to be granted to the Directors.

Exercise of Repurchase Mandate

Resolution 13 set out in the Notice of Annual General Meeting will, if passed, grant a general unconditional mandate to the Directors to exercise all powers of the Company to repurchase its Shares (the "**Repurchase Mandate**") on the Hong Kong Stock Exchange, such number of Shares will represent up to 10 per cent. of the aggregate nominal value of the Company's share capital in issue immediately following the completion of the Global Offering excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option. The Repurchase Mandate is conditional upon and with effect from the Hong Kong Listing.

The exercise in full of the Repurchase Mandate, on the basis of up to 2,327,711,460 New Shares in issue immediately after the Hong Kong Listing, could result in up to 232,771,146 New Shares being repurchased by the Company during the period until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the Company is required by any applicable law or its Memorandum and Articles of Association to hold its next annual general meeting; or
- (iii) when varied, revoked or renewed by an ordinary resolution of the Shareholders at a general meeting.

Reasons for repurchases

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have general authority from the Shareholders to enable them to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit the Company and the Shareholders.

Funding of repurchases

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with the Company's Memorandum and Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of the Company's current financial position as disclosed in its most recent published audited accounts for the period ended 31 December 2013 and the unaudited interim accounts for the period ended 30 June 2014 and taking into account the Company's current working capital position, the Directors consider that, if the Repurchase Mandate is exercised in full, it might have a material adverse effect on the Company's working capital and/or gearing position as compared with the position disclosed in its most recent published audited accounts. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the Company's working capital or the gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

Directors, their close associates and core connected persons

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) currently intends to sell any Shares to the Company or its subsidiaries, if Resolution 13 set out in the Notice of Annual General Meeting is passed and the Repurchase Mandate is exercised subsequently.

No purchase of Shares has been made by the Company within six months prior to the date of this explanatory statement.

No core connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, if Resolution 13 set out in the Notice of Annual General Meeting is passed and the Repurchase Mandate is exercised subsequently.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

SUMMARY OF THE NEW MEMORANDUM AND ARTICLES OF THE COMPANY

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 April 2013 under the Companies Law. The New Memorandum and Articles are proposed to be adopted pursuant to Resolution 11, conditional upon and with effect from the Listing Date comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

- (a) The 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 objects for which the Company is established are unrestricted (including acting as an investment company), and 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 in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that 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.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The following is a summary of certain provisions of the Articles:

- (a) Directors
 - (i) Composition of the board

Unless otherwise determined by the Company in a general meeting, the number of directors shall not be less than three. There is no maximum number of directors. At least one-third, or three members, of the board, whichever is greater, shall be Independent Non-Executive Directors.

- (ii) Power to allot and issue Shares and warrants

Subject to the Articles, any direction that may be given by the Company in a general meeting and, where applicable, the Listing Rules and without prejudice to any special rights or restrictions for the time being attached to any Shares or any class of Shares, all Shares for the time being unissued shall be under the control of the Directors who may designate, re-designate, offer, issue, allot and dispose of the same to such persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine but so that no Shares shall be issued at a discount; and grant options with respect to such Shares and issue warrants, 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 they may from time to time determine, and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued.

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. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose.

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

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, 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 or the Companies Law to be exercised or done by the Company in a general meeting.

(iv) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director 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 a general meeting.

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

There are provisions in the Articles restricting the making of loans or provision of security to the Directors.

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

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid remuneration in respect of any such other office or place of profit (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or 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, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company.

Subject as otherwise provided by the Articles, the board may exercise or cause to be exercised the voting power 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 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.

Subject to the Companies Law and the Articles, 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 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 the fiduciary relationship thereby established, provided that 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 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.

A Director shall not vote (nor be counted in the quorum) on any resolution of the Board of Directors approving any contract or arrangement or any other proposal in which he or any of his close associate(s) has/have a material interest, but this prohibition shall not apply in respect of the following matters:

(i) the giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associate(s) or obligations incurred or undertaken by him or any of his close associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) 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 close 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 proposal 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 close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal concerning any other company in which the Director or his close associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his close associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his close associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his close associates is derived) or of the voting rights;

(v) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including the adoption, modification or operation of:

(a) any employees' share scheme or any share incentive or a share option scheme under which a Director or his close associate(s) may benefit; or

(b) a pension fund or retirement, death or disability benefits scheme which relates both to directors, his close associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates; or

(vi) any contract or arrangement in which the Director or his close 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.

Where a company in which a Director and/or his close associate(s) holds 5 per cent. or more is materially interested in a transaction, then that Director and/or his close associate(s) shall also be deemed materially interested in such transaction.

(vii) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in a 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 any Director holding office for part only of the period in respect of which the remuneration is payable shall be entitled to only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all necessary travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings 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 their duties as Directors.

Any Director who, by request from the board, 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 as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and 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 may be either in addition to or in lieu of his remuneration as a Director.

(viii) Retirement, appointment and removal

At each annual general meeting, 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) will retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

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 provided that at least one-third, or three members, of the board, whichever is greater, shall be Independent Non-Executive Directors. Any Director so appointed by the board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any Shares in the Company by way of qualification.

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 any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place.

The office of Director shall also be vacated if:

(aa) the Director resigns his office by notice in writing to the Company at its registered office or its head office;

(bb) an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(cc) the Director, without leave, is absent from meetings of Directors (unless an alternate Director appointed by him attends in his place) for a continuous period of 12 months, and the Directors resolve that his office be vacated;

(dd) the Director becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) the Director ceases to be or is prohibited from being a director by law or by virtue of any provisions in the Articles; or

(ff) the Director is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

If an Independent Non-Executive Director has served on the board for more than nine years, the further appointment of such Independent Non-Executive Director will be subject to the separate approval of the members by ordinary resolution.

The Directors may from time to time appoint any person, whether or not a Director to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, the office of president, one or more vice-presidents, treasurer, assistant treasurer, manager or controller, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Any person so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their number to the office of managing director upon like terms, but any such appointment shall ipso facto determine if any managing director ceases from any cause to be a Director, or if the Company by resolution resolves that his tenure of office be terminated.

The Directors may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation.

(ix) Borrowing powers

The board may exercise all the powers of the Company to borrow money and to mortgage or charge all or part of its undertaking, property and uncalled capital or any part thereof, and subject to the Companies

Law, to issue debentures, debenture stock, and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(x) Proceedings of the Board

The board may meet together (either within or outside the Cayman Islands) for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(xi) Register of Directors and Officers

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of Directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty days of any change in such Directors or officers.

(b) Alterations to constitutional documents/Change of Name

The Articles may be altered or amended by the Company in a general meeting by special resolution. The Companies Law provides that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into Shares of such classes and amount, as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into Shares of larger amount than its existing Shares;

(iii) convert all or any of its paid up Shares into stock and reconvert that stock into paid up Shares of any denomination;

(iv) subdivide its Shares, or any of them into Shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in case of the Share from which the reduced Share is derived; or

(v) cancel any Shares which, at the date of 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.

The Company may by special resolutions reduce its Share capital and any capital redemption reserve in any manner authorised by law.

(d) Variation of rights of existing Shares or classes of Shares

Whenever the capital of the Company is divided into different classes the rights attached to any such class may, subject to any rights or restrictions for the time being attached to any class, only be materially adversely varied or abrogated with the consent in writing of the holders of not less than three-fourths of the issued Shares of the relevant class, or with the sanction of a resolution passed at a separate meeting of the holders of the Shares of such class by a majority of not less than three-fourths of the votes cast at such a meeting. To every such separate meeting all the provisions of the Articles relating to general meetings of the Company or to the proceedings thereat shall mutatis mutandis, apply except that the necessary quorum shall be one or more persons at least holding or representing by proxy one-third in nominal or par value amount of the issued Shares of the relevant class (but so that if at any adjourned

meeting of such holders a quorum as above defined is not present, those shareholders who are present shall form a quorum) and that, subject to any rights or restrictions for the time being attached to the Shares of that class, every shareholder of the class shall on a poll have one vote for each Share of the class held by him.

The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the Shares of that class, be deemed to be materially adversely varied or abrogated by, inter alia, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any Shares of any class by the Company.

(e) Transfer of Shares

Title to the Company's listed shares may be evidenced and transferred in accordance with Hong Kong law and the Listing Rules.

Transfers of Shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve, which is consistent with the standard form of transfer as approved by the Directors or prescribed by the Stock Exchange (as appropriate). All instruments of transfer and/or other documents of title shall be lodged for registration at the registered office of the Company or at such other place as the Directors may appoint. 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 in which it thinks fit, in its discretion, to do so 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 also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any Share which is not fully paid up or on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless (i) a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, (ii) the instrument of transfer, if applicable, is properly stamped, (iii) the instrument of transfer is in respect of only one class of Share, (iv) the instrument of transfer is validly lodged with the Company 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), (v) in the case of a transfer to joint holders, the number of joint holders to which the share is to be transferred does not exceed four, and (vi) the Shares concerned are free of any lien in favour of the Company.

The registration of transfers may, on 14 days' notice being given by advertisement published on the Stock Exchange's website, or, subject to and in accordance with the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles or by advertisement published in any newspapers, be suspended and the register of members closed at such times for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended or the register of members closed for more than 30 days in each year, or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

(f) Power for the Company to purchase its own Shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements of the Listing Rules.

(g) Power for any subsidiary of the Company to own Shares in the Company

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

(h) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year (within a period of not more than 15 months after the holding of the last preceding annual general meeting and so long as the first annual general meeting of the Company is held within 18 months of the adoption of the Articles, it needs not be held in the year of its incorporation or immediate following year) at such time and place as may be determined by the board.

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

An annual general meeting shall be called by notice of not less than 21 clear days and not less than 20 clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall be called by notice of at least 21 clear days and not less than 10 clear business days. All other extraordinary general meetings shall be called by notice of at least 14 clear days and not less than 10 clear business days. The notice shall specify the time, place, and agenda of the meeting, particulars of the resolutions to be considered at the meeting and in the case of special business (as defined in the Articles) the general nature of that business. Notice of every general meeting shall be given to all members of the Company (except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the register of members), the Company's auditors, each Director and alternate Director, the Stock Exchange, and such other person(s) to whom such notice is required to be given in accordance with the Listing Rules.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. in nominal value of the issued Shares giving that right.

All business carried out at a general meeting shall be deemed special with the exception of (a) declaration and sanctioning a dividend; (b) the consideration of the accounts, balance sheets, and any report of the Directors or of the Company's auditors; (c) the election of Directors whether by rotation or otherwise in the place of those retiring; (d) the appointment of the Company's auditors and other officers; (e) the fixing of the remuneration of the company's auditors, and the voting of remuneration or extra remuneration to the Directors; (f) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued Shares in the capital of the Company representing not more than 20 per cent. in nominal value of its existing issued share capital; and (g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

No special business shall be transacted at any general meeting without the consent of all members of the Company entitled to receive notice of that meeting unless notice of such special business has been given in the notice convening that meeting.

(j) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be one or more persons holding or representing by proxy not less than one-third in nominal value of the issued Shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(k) Special/Ordinary resolution-majorities required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of such members as, being entitled so to do, vote in person or, in the case of such members being corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution, has been duly given in accordance with the Articles, or in writing by all members of the Company entitled to vote at a general meeting of the Company.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of such members as, being entitled to do so, vote in person or, in the case of such members being corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution, has been duly given in accordance with the Articles, or in writing by all members of the Company entitled to vote at a general meeting of the Company.

(l) Voting rights

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, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised 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 member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll, except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)), being a corporation, is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of Shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the Shares of the Company held by that clearing house (or its nominee(s)).

Where the Company has any knowledge that any shareholder is, under the Listing Rules, 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 shareholder in contravention of such requirement or restriction shall not be counted.

(m) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is 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 of the Company and shall be entitled to exercise the same powers on behalf of 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.

(n) Accounts and audit

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 receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the

Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in a general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed 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 and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, rules and regulations, including the Listing Rules, the Company may send to such persons a summary financial statement derived from the Company's annual accounts and the Directors' report instead which shall be in the form and containing the information required by applicable laws and regulations, provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial statement, a complete printed copy of the Company's annual financial statement and the Directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in a general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor 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 a 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.

(o) Dividends and other methods of distribution

Subject to the Companies Law, the Company in a general meeting may 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.

The Articles provide that dividends may be declared and paid out of the profits of the Company, realised 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 may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the Shares in respect whereof the dividend is paid but no amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member 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.

Whenever the board or the Company in a general meeting has resolved that a dividend be paid or declared, 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 shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders 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 an ordinary 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 shareholders to elect to receive such dividend in cash in lieu of such allotment.

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 the Company in respect of the Shares at his address as appearing in the register of members or addressed to such person and at such addresses 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 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. 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.

Whenever the board or the Company in a 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.

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.

No dividend or other monies payable by the Company on or in respect of any Share shall bear interest against the Company.

(p) Inspection of register of listed shares

Pursuant to the Articles any Company's branch register kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by a member without charge and any other person on payment of such fee not exceeding HK\$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the directors may determine for each inspection.

(q) Call on Shares and forfeiture of Shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any moneys unpaid on the Shares held by them (whether on account of the nominal value of the Shares or by way of premium). 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 from whom the sum is due shall pay interest upon the sum at the rate of eight per cent. per annum 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 moneys uncalled and unpaid or instalments payable upon any Shares held by him, and upon all or any of the moneys so advanced the Company may pay interest at such rate (not exceeding without the sanction of an ordinary resolution, eight per cent. per annum) as may be agreed upon between the member and the board.

If a member fails to pay any call or instalment of a call in respect of partly paid shares on the day appointed for payment thereof, the board may serve not less than fourteen clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and stating 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 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 Shares and not actually paid before the date of 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 forfeited, but this liability shall cease if and when the Company receives payment in full of the amount unpaid on the Shares forfeited.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarised in paragraph 3(f) of this Appendix IV.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution, except where the Company is to be wound up voluntarily because it is unable to pay its debts as they fall due. In such case the resolution shall be an ordinary 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 of the Company 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 compelled by the court) the liquidator may, with the authority of an ordinary 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 whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, 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 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 members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any Shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the Shares of a member who is untraceable if (i) 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 have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) following the expiry of the 12 year period, the Company has caused an advertisement to be published in accordance with the Listing Rules giving notice of its intention to sell such Shares and notified the Stock Exchange of such intention and a period of three months, or such shorter period as may be permitted by the Stock Exchange, has elapsed since the date of such advertisement. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

CHINA NONFERROUS GOLD LIMITED

(an exempted company incorporated in the Cayman Islands with company number 277188)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting (the "**Meeting**") of China Nonferrous Gold Limited (the "**Company**") will be held at the offices of Speechly Bircham LLP, 6 New Street, London EC4A 3LX at 09.30 a.m. on 28 October 2014 to consider and, if thought fit, to pass the following resolutions which will be proposed, in the case of Resolutions 1 to 10 as ordinary resolutions and in the case of Resolutions 11 to 14 as special resolutions:

ORDINARY BUSINESS

ORDINARY RESOLUTIONS

1. To receive and consider the statement of accounts for the period ended 31 December 2013 together with the reports of the directors and the auditors thereon.
2. To elect Che Pizhao, who stands for election in accordance with the Company's Articles of Association, as a director.
3. To elect Wang Yubin, who stands for election in accordance with the Company's Articles of Association, as a director.
4. To re-elect Li Li (also known as Leonard Lee), who retires by rotation in accordance with the Company's Articles of Association, as a director.
5. To appoint PKF Littlejohn LLP as auditors to act as such until the conclusion of the next General Meeting of the Company at which accounts are laid before the Company and to authorise the directors of the Company to fix their remuneration.

SPECIAL BUSINESS

ORDINARY RESOLUTIONS

6. **THAT** the directors of the Company (the "Directors") be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot, issue and otherwise deal with 76,000,000 additional ordinary shares of US\$0.0001 (the "Ordinary Shares") (or, if the Global Offering proceeds, up to 465,542,292 ordinary shares of US\$0.00002 each (the "New Shares") (the "Shares") or such larger number of New Shares which represent 20 per cent. of the aggregate nominal value of the issued share capital of the Company immediately following completion of the Global Offering as the Directors shall at their discretion determine) and to make or grant offers, agreements and options which might require the exercise of such powers to such persons, at such times and on such terms as they think fit, with such authority to expire at the earliest of (i) the conclusion of the next annual general meeting of the Company, (ii) the expiration of the period within which the Company is required by any applicable law or its Memorandum and Articles of Association to hold its next annual general meeting or (iii) the time when such mandate is revoked or varied or renewed by an ordinary resolution of the shareholders of the Company in a general meeting, save that the Company may, before such expiry, make or grant an offer, agreement or option which would or might require the Shares to be allotted after such expiry and the Directors may allot and issue the Shares pursuant to such offer, agreement or option as if the authority conferred hereby had not expired,

PROVIDED THAT in the event of, and with effect from, the Company's shares being listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (the "**Hong Kong Listing**"), this authority, which shall be a general mandate pursuant to Rule 13.36(2)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), shall be restricted so that, otherwise than pursuant to:

- (a) Resolution 7 below; or
- (b) a Rights Issue (as defined hereinafter); or
- (c) the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes or other securities issued by the Company; or
- (d) the exercise of any Pre-IPO Options (as defined in Resolution 7 below) or any options which may be granted under the Share Option Scheme (as defined in Resolution 7(iii) below) or any other share scheme of the Company; or
- (e) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company as amended from time to time; or
- (f) any specific authority granted by the shareholders of the Company in general meeting,

it will not permit the allotment and issue of a number of New Shares in excess of 20 per cent. of the aggregate nominal value of the issued shares in the capital of the Company immediately following completion of the Global Offering (as defined in Resolution 7 below) (excluding Shares which may be allotted and issued upon the exercise of the Over-allotment Option),

AND FURTHER PROVIDED THAT the authority in respect of New Shares only conferred pursuant to this Resolution 6 may only be used in relation to the issue of shares for trading on the Hong Kong Stock Exchange, and made in accordance with the Listing Rules and all applicable laws.

"Rights Issue" means an offer of shares in the Company, or an offer of warrants, options or other securities giving rights to subscribe for shares, open for a period fixed by the Directors to holders of shares in the Company on the registers of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject in all cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any jurisdiction or territory outside Hong Kong).

7. **THAT**, conditional upon (i) the listing sub-committee of the board of directors of Hong Kong Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to, the exercise of any options over Shares granted pursuant (a) to the share option scheme of Kryso Resources Plc which was adopted on 24 November 2004 and amended on 23 July 2008; (b) to the Share Option Agreements (as defined below) (collectively, the **"Pre-IPO Options"**); and (c) to the Share Option Scheme (as defined in Resolution 7 (iii) below), the conditional offering of Shares by the Company (the **"Global Offering"**) and the exercise of the option pursuant to which the Company may be required to allot and issue up to such number of additional Shares (in aggregate representing up to 15 per cent. of the Shares initially being offered under the Global Offering) to cover, among other things, over-allocation of the Shares being initially offered by the Company (the **"Over-allotment Option"**); (ii) the final price per offer share under the Global Offering having been duly agreed between the Company and Guotai Junan Securities (Hong Kong) Limited as the sole global coordinator (the **"Sole Global Coordinator"**); and (iii) the obligations of the underwriters under the underwriting agreements in relation to the Global Offering becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Global Coordinator) (on behalf of the underwriters) and the same underwriting agreements not being terminated in accordance with their terms or otherwise ((i), (ii) and (iii) together, the **"Conditions"**):

- (i) the Global Offering be and is hereby approved;
- (ii) the Directors be and are hereby generally authorised to effect the Global Offering and to allot and issue up to 420,000,000 New Shares or such larger number of New Shares as the Directors shall determine to be appropriate pursuant to the Global Offering to rank pari passu with the then existing Shares in all respect;
- (iii) the rules of a new share option scheme (the **"Share Option Scheme"**) tabled at the AGM and marked "A" be and are hereby approved and adopted and the Directors be and are hereby authorised, at their absolute discretion, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of subscription rights attaching to any options granted under the Share Option Scheme and to take all actions as they consider necessary or desirable to implement the Share Option Scheme;

- (iv) the Over-allotment Option for the allotment and issue of up to 63,000,000 New Shares or such larger number of New Shares as the Directors may determine to be appropriate be and is hereby approved and the Directors be and are hereby authorised to allot and issue the Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option to rank pari passu with the then existing Shares in all respects;
- (v) the proposed listing of the Shares on Hong Kong Stock Exchange be and is hereby approved and the Directors be and are hereby generally authorised to implement such listing; and
- (vi) the Directors be and hereby authorised, in their absolute discretion, to allot and issue New Shares upon the exercise of the Pre-IPO Options.

"Share Option Agreements" means (i) each of the share option agreements dated 16 March 2013 entered into between Kryso Resources Plc and Luo Tao, Tang Weili, Li Li and Craig Brown, respectively; (ii) the share option agreement dated 19 March 2013 entered into between Kryso Resources Plc and Abuali Ismatov; (iii) the share option agreement dated 26 September 2012 entered into between Kryso Resources Plc and Grant Colin Callaway; and (iv) each of the share option agreements dated 18 April 2013 entered into between Kryso Resources Plc and Muhammadjon Nasredinov and Maryna Polyakova, respectively.

- 8. **THAT**, the authority to allot Shares pursuant to Resolution 6 above be and is hereby extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by the Directors pursuant to such authority of an amount representing the aggregate nominal value of the Shares repurchased by the Company pursuant to the authority to repurchase Shares pursuant to Resolution 13 below (up to a maximum of 10 per cent. of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option).
- 9. **THAT** the authorised share capital of the Company be increased from US\$50,000 to US\$200,000 by the creation of an additional 1,500,000,000 shares of US\$0.0001 each, each ranking pari passu with the shares of the Company then in issue in all respects.
- 10. **THAT**, conditional on the passing of Resolution 9 and conditional on, and effective from, the Global Offering becoming unconditional, each existing issued and unissued share of US\$0.0001 each in the capital of the Company be and is hereby subdivided into and reclassified as five new ordinary shares of US\$0.00002 each.

SPECIAL RESOLUTIONS

- 11. **THAT**, conditional on the Hong Kong Listing occurring, the amended and restated memorandum and articles of association of the Company tabled at the AGM and marked "B" for identification purposes be approved and adopted as the memorandum and articles of association of the Company in substitution for and to the exclusion of the existing memorandum and articles of association of the Company conditional upon and with effect immediately upon the Hong Kong Listing.
- 12. **THAT**, pursuant to article 9 of the articles of association of the Company, the Directors be given the general power to allot securities wholly for cash, as if articles 8 – 8.4 and 8.6 of the articles of association did not apply to such allotment, provided that this power shall be limited to the allotment of securities:
 - (a) subject to satisfaction of the Conditions, to be issued pursuant to Resolutions 7 (in connection with the Global Offering, the Over-allotment Option, the Share Option Scheme and the Pre-IPO Options), 8 and 13; and
 - (b) (i) 76,000,000 Existing Shares (ii) up to 465,542,292 New Shares or such larger number of New Shares not exceeding 20 per cent. of the aggregate nominal value of the issued shares in the capital of the Company immediately following completion of the Global Offering (as applicable) to be issued pursuant to Resolution 6,

PROVIDED THAT the power granted by this resolution will expire at the earliest of the conclusion of the Company's annual general meeting to be held in 2015 and the expiration of the period within which the next annual general meeting of the Company is required by its Memorandum and Articles of Association, Cayman Companies Law or any other applicable laws of the Cayman Islands to be held (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry, make offers or agreements which would or might require securities to be allotted after such expiry and the Directors may allot securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

13. **THAT**, conditional on and with effect from the Hong Kong Listing, the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company to repurchase on the Hong Kong Stock Exchange or on any other stock exchange on which securities of the Company may be listed and which is recognised by the Securities and Futures Commission of Hong Kong and the Hong Kong Stock Exchange for this purpose, such number of Shares representing an aggregate nominal value not exceeding 10 per cent. of the aggregate nominal value of the share capital of the Company in issue immediately following the completion of the Global Offering (excluding any Shares which may be allotted and issued upon the exercise of the Over-allotment Option).

PROVIDED THAT the authority conferred pursuant to this Resolution 13 may only be used in relation to repurchases made on the Hong Kong Stock Exchange, and made in accordance with the Listing Rules and all applicable laws. Such mandate will expire at the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the Company is required by any applicable law or its Memorandum and Articles of Association to hold its next annual general meeting; or
- (iii) the time when such mandate is varied, revoked or renewed by an ordinary resolution of the shareholders of the Company in a general meeting.

RESOLUTION REQUIRING A 75 PER CENT. MAJORITY

14. **THAT**, pursuant to Rule 41 of the AIM Rules, the cancellation of the admission of the Company's shares to trading on the AIM market operated by the London Stock Exchange plc be and is hereby approved, conditional upon and with effect from the Hong Kong Listing provided that the Hong Kong Listing occurs within twelve months from the date of the passing of this Resolution.

BY ORDER OF THE BOARD

David Tang
Executive Director

Registered Office:
c/o Intertrust Corporate Services (Cayman) Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9005
Cayman Islands

Dated: 3 October 2014

Notes to the Notice of Annual General Meeting

Entitlement to attend and vote

1. The Company specifies that only those members registered on the Company's register of members at:
6.00 p.m. on 24 October 2014; or
if the Meeting is adjourned, at 6.00 p.m. on the day two London Business days prior to the adjourned meeting,
shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a Form of Proxy with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy your Form of Proxy or contact Computershare Investor Services PLC to obtain an extra proxy card on +44 (0)870 702 4040.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy Form of Proxy

6. The notes to the Form of Proxy explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the Form of Proxy, the form must be:

- . completed and signed;
- . sent or delivered to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY; and
- . received by Computershare Investor Services PLC no later than 09.30 a.m. on 24 October 2014 (or if the Meeting is adjourned, 48 hours before the adjourned Meeting).

In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by a director or an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

Appointment of proxy by joint members

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members / register of depositary interests in respect of the joint holding (the first-name being the most senior).

Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy Form of Proxy and would like to change the instructions using another hard-copy Form of Proxy, please contact Computershare Investor Services PLC on +44 (0)870 707 4040.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Computershare Investor Services PLC no later than 09.30 a.m. on 24 October 2014.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

10. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Depositary Interest Holders' entitlement to vote

11. Only those Depositary Interests Holders registered on the Company's register of Depositary Interests at:

6.00pm on 23 October 2014; or

if the Meeting is adjourned, at 6.00pm on the day three London Business Days prior to the adjourned meeting,

shall be entitled to attend and vote at the Meeting.

To give an instruction via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 72 hours (excluding weekends and holidays) before the time appointed for holding the Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the Company's agent is able to retrieve

the message. The Company may treat as invalid an appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

12. Holders not wishing to lodge their votes through CREST may return the completed Form of Instruction to the Depositary at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY no later than 09.30 a.m. on 23 October 2014 (or if the Meeting is adjourned, 72 hours before the adjourned Meeting).
13. The completion and return of a Form of Instruction will not preclude a holder from attending the Annual General Meeting and voting in person. Should the holder, or representative of that holder wish to attend the Annual General Meeting and/or vote at the Annual General Meeting, they must notify the Depositary in writing or email !UKALLDITeam2@computershare.co.uk.