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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in **Tongguan Gold Group Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**潼關黃金集團有限公司**  
**Tongguan Gold Group Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00340)**

**(1) PROPOSED RE-ELECTION OF DIRECTORS,  
(2) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,  
(3) PROPOSED TERMINATION OF THE 2022 SHARE OPTION SCHEME  
AND ADOPTION OF THE NEW SHARE OPTION SCHEME  
AND  
(4) NOTICE OF ANNUAL GENERAL MEETING**

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**NO refreshments, NO food and beverage service, and NO handing out of corporate gifts, gift coupons or cake vouchers.**

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A notice convening the 2024 annual general meeting of Tongguan Gold Group Limited to be held at Room 1306, 13/F., Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong on Friday, 31 May 2024 at 2:30 p.m. or any adjournment thereof is set out on pages 40 to 45 of this circular. Whether or not you intend to be present at the annual general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable to the branch share registrar of Tongguan Gold Group Limited in Hong Kong, Union Registrars Limited, located at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2024 annual general meeting or any adjournment thereof should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

22 April 2024

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## DEFINITIONS

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

“2022 Share Option Scheme”	share option scheme adopted by the Company on 13 June 2022
“Adoption Conditions”	the conditions for the adoption of the New Share Option Scheme as disclosed in the paragraph headed “Proposed Termination of the 2022 Share Option Scheme and Adoption of the New Share Option Scheme” in the Letter from the Board in this circular
“Adoption Date”	the date on which the last condition set out in the Adoption Conditions is fulfilled
“AGM”	2024 annual general meeting of the Company to be held at Room 1306, 13/F., Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong on Friday, 31 May 2024 at 2:30 p.m. or any adjournment thereof
“associates”	shall have the meaning as defined in the Listing Rules
“Auditors”	auditors of the Company
“Board”	board of Directors
“business days”	any day (other than a Saturday, Sunday and public holiday) on which banks in Hong Kong are open for business throughout their normal business hours
“Bye-laws”	bye-laws of the Company, as amended from time to time
“close associates”	shall have the meaning as defined in the Listing Rules
“Company”	Tongguan Gold Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“controlling shareholder(s)”	shall have the meaning as defined in the Listing Rules
“core connected person(s)”	shall have the meaning as defined in the Listing Rules
“Director(s)”	director(s) of the Company

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## DEFINITIONS

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“Eligible Participant(s)”	any of the following categories of persons:  (a) the Employee Participants;  (b) the Service Providers; or  (c) the Related Entity Participants
“Employee Participant(s)”	director(s) and employee(s) of the Company or any of its subsidiaries (including persons who are granted Options, share options or awards as an inducement to enter into employment contracts with the Company or any of its subsidiaries)
“Grantee”	any Eligible Participant who accepts the Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) his Personal Representative(s)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general and unconditional mandate to be granted to the Directors to allot, issue, and deal with Shares up to a maximum of 20% of the total number of issued Shares as at the date of passing of the relevant resolution
“Latest Practicable Date”	17 April 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	new share option scheme proposed to be adopted by the Company at the AGM, a summary of the principal terms of which is set out in Appendix III to this circular
“Offer”	an offer of the grant of an Option made in accordance with the terms of the New Share Option Scheme

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## DEFINITIONS

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“Offer Date”	the date on which an Offer is made to an Eligible Participant
“Option(s)”	option(s) to subscribe for Shares granted pursuant to the New Share Option Scheme
“Option Period”	in respect of any particular Option, the period within which the Shares must be taken up shall be determined and notified by the Board to the Grantee thereof, provided that such period shall not expire later than 10 years from the Offer Date
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised)
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Related Entity Participant(s)”	directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company
“Remuneration Committee”	remuneration committee of the Board
“Repurchase Mandate”	a general and unconditional mandate to be granted to the Directors to exercise all the powers of the Company to repurchase on the Stock Exchange, or any other stock exchange on which the Shares may be listed, Shares up to a maximum of 10% of the total number of issued Shares as at the date of the passing of the relevant resolution
“Scheme Mandate Limit”	10% of the total number of issued Shares as of the Adoption Date, details of which are set out in paragraph 3(a) of Appendix III to this circular

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## DEFINITIONS

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“Service Provider(s)”	person(s) who provide(s) services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including (i) mining contractors; (ii) exploration and drilling experts; (iii) refinery experts; and (iv) gold-recycling and retail business service providers who work(s) for the Company as independent contractors where the continuity and frequency of their services are akin to those of employees, details of which are set out in paragraph headed “Proposed Termination of the 2022 Share Option Scheme and Adoption of the New Share Option Scheme - Other details of the New Share Option Scheme” in the Letter from the Board in this circular
“Service Provider Sublimit”	1% of the total number of issued Shares as of the Adoption Date, details of which are set out in paragraph 3(b) of Appendix III to this circular
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.1 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for the Shares on the exercise of an Option as determined in accordance with the terms of the New Share Option Scheme
“subsidiary”	a subsidiary within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder”	shall have the meaning as defined in the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission
“%”	per cent

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## LETTER FROM THE BOARD

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# 潼關黃金集團有限公司 Tongguan Gold Group Limited

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00340)**

*Executive Directors:*

Mr. YEUNG Kwok Kuen (*Chief Financial Officer*)

Mr. SHI Xing Zhi

Mr. SHI Sheng Li

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Independent Non-executive Directors:*

Mr. CHU Kang Nam

Mr. LIANG Xu Shu

Mr. LEUNG Ka Wo

*Head office and principal place*

*of business in Hong Kong:*

Room 1306, 13th Floor

Bank of America Tower

12 Harcourt Road

Admiralty

Hong Kong

22 April 2024

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED RE-ELECTION OF DIRECTORS,  
(2) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,  
(3) PROPOSED TERMINATION OF THE 2022 SHARE OPTION SCHEME  
AND ADOPTION OF THE NEW SHARE OPTION SCHEME  
AND  
(4) NOTICE OF ANNUAL GENERAL MEETING**

### **INTRODUCTION**

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM which include ordinary resolutions relating to, among other things, (i) the re-election of Directors; (ii) the granting to the Directors of the Issue Mandate and the Repurchase Mandate; and (iii) the termination of the 2022 Share Option Scheme and the adoption of the New Share Option Scheme.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

The Board currently consists of six Directors, namely Mr. Yeung Kwok Kuen, Mr. Shi Xing Zhi, and Mr. Shi Sheng Li being the executive Directors, and Mr. Chu Kang Nam, Mr. Liang Xu Shu and Mr. Leung Ka Wo being the independent non-executive Directors.

Pursuant to Code Provision B.2.2 of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 of the Listing Rules, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Pursuant to Bye-law 84(1) of the Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. Accordingly, Mr. Chu Kang Nam and Mr. Liang Xu Shu will retire by rotation at the AGM. Mr. Chu Kang Nam and Mr. Liang Xu Shu, being eligible, have offered themselves for re-election as Directors at the AGM.

Pursuant to Code Provision B.2.3 of the CG Code, if an independent non-executive director serves more than 9 years, any further appointment of such independent non-executive director should be subject to a separate resolution to be approved by shareholders.

Mr. Chu Kang Nam has served on the Board for more than 9 years but he has never held any executive or management position in the Group nor has he throughout such period been under the employment of any member of the Group. Besides, Mr. Chu Kang Nam does not have any financial or family relationships with any other Directors, senior management or substantial or controlling shareholders of the Company, which could give rise to a conflict of interests situation or otherwise affect his exercise of independent judgement. The Board considers that the long services of Mr. Chu Kang Nam would not affect his exercise of independent judgment.

Pursuant to Code Provision B.3.4 of the CG Code, the nomination committee of the Company evaluated the performance of Mr. Chu Kang Nam and Mr. Liang Xu Shu during the year ended 31 December 2023 based on the nomination policy of the Company and considered that their experiences, skills, qualifications, and other perspectives can bring further contributions to the Board and its diversity. The nomination committee has also assessed the independence of Mr. Chu Kang Nam and Mr. Liang Xu Shu including reviewing their annual confirmation of independence to the Company with reference to Rule 3.13 of the Listing Rules and is satisfied with their independence. Each of Mr. Chu Kang Nam and Mr. Liang Xu Shu devoted sufficient time in fulfilling his role as independent non-executive Director of the Company by attending and actively participating in the discussions in all Board meetings, audit committee meetings, nomination committee meetings and remuneration committee meetings and the annual general meeting convened in 2023 which he was eligible to attend. The Board believes that Mr. Chu Kang Nam and Mr. Liang Xu Shu will continue to dedicate sufficient time and attention to the affairs of the Company.

In view of the above, upon the nomination by the nomination committee of the Company, the Board has recommended Mr. Chu Kang Nam and Mr. Liang Xu Shu to stand for re-election as Directors at the AGM. The Board believes that the continuous appointment of the retiring Directors contributes to the stability and diversity of the Board.

Brief biographical details of the Directors proposed for re-election are set out in Appendix I to this circular.



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## LETTER FROM THE BOARD

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### **GRANT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

At the AGM, ordinary resolutions will be proposed to grant the general mandates to the Directors (i) to allot, issue and otherwise deal with Shares not exceeding 20% of the total number of issued Shares as at the date of passing of such resolution; (ii) to repurchase Shares which does not exceed 10% of the total number of issued Shares as at the date of passing of such resolution; and (iii) to add the aggregate amount of the Shares repurchased by the Company to the general mandate to the Directors to allot new Shares of up to 20% of the issued ordinary share capital of the Company as at the date of the passing of such resolution.

The mandates to issue and repurchase Shares granted at the annual general meeting of the Company held on 2 June 2023 will lapse at the conclusion of the AGM. In this regard, resolutions nos. 4, 5 and 6 set out in the notice of AGM will be proposed at the AGM to renew these mandates. With reference to these resolutions, the Directors wish to state that they have no present intention to repurchase any Shares or to issue any new Shares pursuant to the relevant mandates.

As at the Latest Practicable Date, the issued ordinary share capital of the Company was HK\$407,027,222.1 divided into 4,070,272,221 Shares. Subject to the passing of the resolution granting the Issue Mandate and on the basis that no further Shares are issued or repurchased before the AGM date, the Company will be allowed to issue a maximum of 814,054,444 Shares and to repurchase a maximum of 407,027,222 Shares during the period ending on the earliest of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by the Bye-laws or any applicable laws or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

The explanatory statement required by the Listing Rules to be sent to Shareholders in connection with the proposed Repurchase Mandate is set out in Appendix II to this circular. The explanatory statement contains all information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against resolution no. 5 as set out in the notice of the AGM.

### **PROPOSED TERMINATION OF THE 2022 SHARE OPTION SCHEME AND ADOPTION OF THE NEW SHARE OPTION SCHEME**

#### **Termination of the 2022 Share Option Scheme**

The 2022 Share Option Scheme was approved by the Shareholders at the annual general meeting of the Company held on 10 June 2022 and adopted on 13 June 2022. Apart from the 2022 Share Option Scheme, the Company has no other share option scheme or share award scheme currently in force.

In view of the amendments to Chapter 17 of the Listing Rule relating to share schemes which came into effect on 1 January 2023, the Company proposes to terminate the 2022 Share Option Scheme and adopt the New Share Option Scheme to replace the 2022 Share Option Scheme in order to conform with the new requirements under the Listing Rules.

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## LETTER FROM THE BOARD

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For illustration purpose, the maximum number of Shares which may be issued upon exercise of all options to be granted under the existing scheme mandate limit of the 2022 Share Option Scheme is 339,227,222 Shares. Since the adoption of the 2022 Share Option Scheme and up to the Latest Practicable Date, the Company has not granted any options under the 2022 Share Option Scheme. The Company also has no intention to grant any options under the 2022 Share Option Scheme from the Latest Practicable Date to the date of the AGM.

Pursuant to the terms of the 2022 Share Option Scheme, the Board may, by an ordinary resolution at a general meeting or of a resolution of the Board, at any time terminate the operation of the 2022 Share Option Scheme, and in such event, no further options will be offered but the provisions of the 2022 Share Option Scheme shall remain in force in all other respects to the extent necessary to give effect to the exercise of the options granted prior to the termination.

### **Adoption of the New Share Option Scheme**

The purposes of the New Share Option Scheme are (i) to provide Eligible Participants with an opportunity to acquire proprietary interests in the Company and to encourage Eligible Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole; (ii) to motivate the Eligible Participants to utilise their performance and efficiency for the benefit of the Group; and (iii) to attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contribution are or will be beneficial to the long term growth of the Group.

The Directors consider that it is in the interests of the Company and the Shareholders as a whole to adopt the New Share Option Scheme, which have been prepared in compliance with the Listing Rules currently in force as at the Latest Practicable Date. The New Share Option Scheme will become effective on the Adoption Date, being the date on which the last Adoption Condition is satisfied.

Ordinary resolutions will be proposed at the AGM for the Shareholders to consider and, if thought fit, to approve the adoption of the New Share Option Scheme, which complies with the latest regulatory requirements under Chapter 17 of the Listing Rules.

The adoption of the New Share Option Scheme will take effect upon satisfaction of the following conditions (i.e. the Adoption Conditions):

- (a) the passing of an ordinary resolution at the AGM approving the adoption of the New Share Option Scheme; and
- (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Options to be granted under the New Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares, which may be issued pursuant to the exercise of subscription rights attaching to the Options to be granted under the New Share Option Scheme.

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## LETTER FROM THE BOARD

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### **Other details of the New Share Option Scheme**

#### ***Eligible Participants***

Eligible Participants include the Employee Participants, the Related Entity Participants and the Service Providers.

The Directors are of the view that the adoption of the New Share Option Scheme aligns with the market practice of providing incentives to Employee Participants to work towards enhancing the enterprise value and achieving the long-term objectives for the benefit of the Group as a whole.

The Service Providers eligible for the granting of Options will include (i) mining contractors responsible for mining ores; (ii) exploration and drilling experts responsible for pit drilling, pit exploration and surface drilling; (iii) refinery experts responsible for converting the gold concentrates to gold bullions or final products; and (iv) gold-recycling and retail service providers responsible for assisting with the gold recycling and retail process. As the Group is principally engaged in gold exploration, development and mining production activities and gold recycling business and the Group does not have any employees specialised in mining, pit drilling and exploration and surface drilling, the Group relies on third party service providers on a regular, continuing and recurring basis to drill and explore the pits and mine the ores. The mining contractors and the exploration and drilling experts have been, and are currently engaged on an annual contractual basis, or fixed term contractual basis continuously and recurrently. Therefore, the third party mining contractors and exploration and drilling experts play an important role in the Group's ordinary and usual course of business where the continuity and frequency of their services are akin to those of the Group's employees. Although the Group currently has not engaged any refinery experts and gold-recycling and retail service providers, the Group intends to engage the refinery experts and gold-recycling and retail service providers on a continuous and recurring basis for the purpose of expanding the gold recycling business in accordance with its business needs in the future, where the continuity and frequency of their services shall be akin to those of the Group's employees. Accordingly, by granting Options to Services Providers, the Company and the Services Providers can share the same interests and objectives to cope with the business needs, and in the meantime, the Group maintains the flexibility to recognize their contribution to the Group's growth and development in the long run.

The Related Entity Participants eligible for the granting of Options will include directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company.

In assessing whether Options are to be granted to any Eligible Participant, the Board shall take into account various factors, including but not limited to, the nature and extent of contributions or potential contributions provided by such Eligible Participant to the Group, the special skills or technical knowledge possessed by them which is beneficial to the continuing or future development of the Group, the value which such Eligible Participant has brought to the Group's business and development and whether granting Options to such Eligible Participant is an appropriate incentive to motivate such Eligible Participant to contribute towards the success of the Group's operations.

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## LETTER FROM THE BOARD

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Apart from the above, in assessing whether Options are to be granted to the Service Providers, the Board shall take into the following additional factors:

- (i) the expertise, professional qualifications and industry experience of the Service Provider;
- (ii) the performance and track record of the Service Provider, including whether the Service Provider has a proven track record of delivering quality services;
- (iii) the prevailing market fees chargeable by other services providers;
- (iv) the Group's period of engagement of or collaboration with the Service Provider; and
- (v) the Service Provider's actual or potential contribution to the Group in terms of a reduction in costs or an increase in turnover or profit.

In light of the above, in respect of the Service Providers, the Directors (including the independent non-executive Directors) believe that, despite that the Company not having previously granted any share options or awarded shares to its Service Providers, for the reasons detailed in paragraphs (a) and (b) below, it would be in the Company's interest to have the flexibility to grant Options to the Service Providers in recognition of their contribution to the Company where warranted. The categories of Service Providers encompass industry experts with specialized skills and knowledge who provide advisory services to the Group and contractors which provide services in connection with the Group's principal businesses. The Directors consider that these Service Providers provide services that are necessary to support the Group's ongoing development and operations in line with its business needs and the industry norm of providing equity-based payment to stakeholders in order to align interests and incentivise performance and long term business relationship. The Directors have given consideration to the above criteria for determining the eligibility of a particular Service Provider, which included qualitative and quantitative factors and allows a variety of aspects of the relationship and contributions/potential contributions of the Service Provider to be taken into account. The Directors (including the independent non-executive Directors) are of the view that the inclusion of Service Providers as Eligible Participants, the criteria for selection of the Eligible Participants, and the terms of the grants are fair and reasonable and align with the purpose of the New Share Option Scheme, based on the following reasons:

- (a) despite the Service Providers will receive service fees in cash from the Group, it is essential to allow flexibility to provide equity-based payment as part of its payment options when appropriate, in order to align its interests and maintain business relationships with certain Service Providers given the unique challenges posed by the Group's business, including but not limited to (i) the difficulty in finding and engaging experienced, qualified Service Providers; (ii) the length of time required to carry out and complete a single mining project; and (iii) the potential detrimental impact on the business that may arise due to a change of Service Providers during the course of a project. In light of these challenges, the Board believes that it is in the Group's best interest to allow flexibility to pay service fees in a combination of cash and Options or grant of Options as incentives to the Service Providers when deemed appropriate; and

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## LETTER FROM THE BOARD

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- (b) the Group has collaborated with Service Providers for gold mining, exploration and drilling of pits, and other services that related to or ancillary to the principal business of the Group. Furthermore, in view of the rapid change in market situation, the Group may require professional services to be provided by the Service Providers on a continuing or recurring basis to cope with its demand for initiatives, projects and focuses and to support its expansion plans from time to time. In such case, the Board will determine whether the Service Providers providing services are eligible to participate in the New Share Option Scheme based on whether such services provided are in line with the Company's business need and the industry norm, desirable and necessary from a commercial perspective and help to maintain or enhance the competitiveness of the Group, having regard to the Group's principal business segments and focuses from time to time. Such Service Providers may not be able to serve as full-time or part-time employees, directors or officers of the Group due to a variety of reasons. For example, these Service Providers may be seasoned people in their own fields and professionals with extensive business connections which the Group may not be able to recruit them as employees, or they may prefer to be employed on self-employed basis or be engaged on contract basis which is in line with industry norm, and the Company may need to outsource such functions, or is unable to turn to internal resources for these kind of specialised support due to various restraints. A sustainable and collaborative working relationship with these Service Providers is vital for the smooth and efficient business operation and the long-term development of the Group.

In respect of the Related Entity Participants, the Directors (including the independent non-executive Directors) are of the view that the inclusion of Related Entity Participants as Eligible Participants, the criteria for selection of the Eligible Participants, and the terms of the grants are fair and reasonable and align with the purpose of the New Share Option Scheme, based on the following reasons:

- (a) equity-based remuneration continues to be an important means of ensuring alignment between the interests of shareholders and the Related Entity Participants; and
- (b) as it is common to include directors and employees as eligible persons of the share schemes among public companies, the Board believes the inclusion of directors and employees as Eligible Participants and the flexibility to grant share options to directors and employees in addition to cash-based incentives will allow the Company to keep its remuneration package competitive in order to attract and retain talents.

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## LETTER FROM THE BOARD

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### *Vesting period*

The vesting period for Options under the New Share Option Scheme shall not be less than 12 months. To ensure the practicability in fully attaining the purpose of the New Share Option Scheme, for Employee Participants, the Remuneration Committee is of the view and the Board concurs that (i) there are certain instances where a strict 12-month vesting requirement would not work or would not be fair to the Grantee, such as those set out in paragraphs 6(b)(i) to 6(b)(v) of Appendix III to this circular; (ii) there is a need for the Group to retain flexibility to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (iii) the Group should be allowed discretion to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances. Hence, the Remuneration Committee is of the view and the Board concurs that the shorter vesting period prescribed in paragraphs 6(b)(i) to 6(b)(v) of Appendix III to this circular, which is available to Employee Participants at the discretion of the Board (or the Remuneration Committee where the arrangements related to grant of Options to Directors and/or senior managers of the Group), is in line with the market practice, is appropriate and aligns with the purpose of the New Share Option Scheme.

### *Scheme Mandate Limit and Service Provider Sublimit*

There was a total of 4,070,272,221 Shares in issue as at the Latest Practicable Date. Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Adoption Date, the maximum number of Shares which may be issued in respect of all Options to be granted under the New Share Option Scheme and any other share scheme(s) will be 407,027,222 Shares, representing 10% of the total number of Shares in issue as at the Adoption Date.

The Service Provider Sublimit of the New Share Option Scheme and any other share scheme(s) of the Company will be 40,702,722 Shares, representing 1% of total number of the issued Shares as of the Adoption Date, assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Adoption Date. The basis for determining the Service Provider Sublimit includes (i) the potential dilution effect arising from grants to the Service Providers; (ii) the importance of striking a balance between achieving the purpose of the New Share Option Scheme and protecting Shareholders from the dilution effect from granting a substantial amount of Options to the Service Providers; (iii) the extent of the use of Service Providers in the Group's business; and (iv) the fact that the Company expects that a majority of the Options will be granted to Employee Participants and Related Entity Participants and as such there is a need to reserve a larger portion of the Scheme Mandate Limit for grants to the Employee Participants and Related Entity Participants. Given the above, the Board has made reference to the 1% Individual Limit (as defined in Appendix III to this circular) and considered that a sublimit of 1% would not lead to an excessive dilution of existing Shareholders' holdings.

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## LETTER FROM THE BOARD

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Considering the Group's hiring practice and organizational structures and that the Service Providers have contributed to the long-term growth of the Group's business development, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable. The Group is principally engaged in the gold exploration, development and mining production activities and gold recycling. During the ordinary and usual course of business of the Group, the Group will from time to time require services from the Service Providers for its main business, including but not limited to mining ores, pit drilling and exploration, surface drilling and conversion of gold concentrates to gold bullions or final products. Such services are desirable and necessary from a commercial perspective which help to maintain or enhance the competitiveness of the Group. It is expected that the Group's continued success will benefit from the expertise that the Service Providers provide to the Group. As such, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable given the nature of the mining industry and the Group's business needs, and such limit provides the Group with flexibility to provide equity incentives (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with persons who are not employees or officers of the Group, but are able to provide valuable expertise and services to the Group, which is in line with the purpose of the New Share Option Scheme. In addition, the relatively low threshold sublimit of 1% can provide adequate safeguard against excessive dilution of existing Shareholders' holdings. The Service Provider Sublimit is subject to separate approval of the Shareholders at the AGM.

### *Performance targets and clawback mechanism*

The rules of the New Share Option Scheme will not prescribe specific performance targets that must be met before an Option can be exercised. However, the rules of the New Share Option Scheme will give the Board discretion to impose such conditions on the Options and to prescribe such clawback mechanism, if any, to recover or withhold any remuneration to any Eligible Participants in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances where appropriate. The Board considers that it may not always be appropriate to impose such conditions on the Options, particularly when the purpose of granting the Options is to remunerate or compensate Eligible Participants for past contributions. The Board considers that it is more beneficial to the Group to retain the flexibility to determine whether such conditions are appropriate in light of the particular circumstances of each grant.

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## LETTER FROM THE BOARD

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The Board may determine and set any performance targets, which shall be stated in the Offer to the Grantee, to be attained before the exercise of an Option granted to the Grantee as the Board may think fit. The Board is of the view that it is not practicable to expressly set out a generic set of performance targets in the rules of the New Share Option Scheme, as each Grantee plays different roles and contributes in different ways to the Group. The Board shall have regard to the purpose of the New Share Option Scheme and the position, contributions and importance of the Grantee to the Group in making such determinations, and ensure that appropriate specific performance targets will be set under particular circumstances of the relevant Grantee(s). Such performance targets may include: (a) any measurable performance benchmark which the Board considers relevant to the Grantee, such as key performance indicators of respective department(s) and/or business unit(s) that the Grantee belongs, individual position, annual appraisal result and performance of the Grantee determined under the Company's employee performance evaluation system; (b) the Grantee's fulfilment of milestones with respect to, including but not limited to, business development of the Group; (c) annual results of the Company, annual growth on the revenue of the Group as compared to the immediately preceding financial year and performance of the Group; and/or (d) any other performance targets as the Board determines as appropriate.

The Group will utilise its internal assessment system to appraise and evaluate the performance targets applicable to each grant of Options on a case-by-case basis. The Company will evaluate the actual performance and contribution of an Eligible Participant against the performance targets set and form a view as to whether the relevant performance targets have been satisfied. For Employee Participants, the assessment will be based on the individual's overall performance, performance of the team or department that the Employee Participant belongs to and the performance of the Group as a whole. For Related Entity Participants and Service Providers, the assessment will be based on the quality of supports provided to the Group and level of contributions to the Group with reference to the nature and background of the Related Entity Participant or Service Provider. Specific weightings will be given to the various factors above, with reference to the role of the Eligible Participant and the respective contributions to the Group in order to provide a fair and objective appraisal. The Board (and the Remuneration Committee in respect of grants of Options to the Directors and/or senior management of the Group) shall have the sole discretion in determining whether the relevant performance targets for the Eligible Participant have been met.

If a clawback mechanism is imposed, the Board will take into account individual circumstances when devising such mechanism such as the role of the holder of the options/awards, the purpose of the grant (for example whether as recognition of past contribution or as incentive to motivate such holder of the options/awards to contribute to the Group in the future on an ongoing basis), whether it would be particularly burdensome and complicated to implement the clawback mechanism, whether there are any tax implications etc.



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## LETTER FROM THE BOARD

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### *Basis of Determination of the Subscription Price*

Eligible Participants to whom Options shall be granted, are entitled to subscribe for the number of Shares at the Subscription Price as determined by the Board in its discretion on the date of grant, but in any event, the Subscription Price shall not be less than the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date in respect of such Option;
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date in respect of such Options; and
- (c) the nominal value of a Share.

The basis for determining the Subscription Price is also specified precisely in the rules of the New Share Option Scheme. The Board considers that such basis will serve to preserve the value of the Company and encourage the Eligible Participants to acquire proprietary interests in the Company.

### **Documents available for display and inspection**

A summary of the principal terms of the New Share Option Scheme is set out in Appendix III of this circular.

A copy of the New Share Option Scheme will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.tongguangold.com](http://www.tongguangold.com)) for display for a period of not less than 14 days before the date of the AGM and the New Share Option Scheme will be made available for inspection at the AGM.

### **ANNUAL GENERAL MEETING**

The AGM will be held at Room 1306, 13/F., Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong on Friday, 31 May 2024 at 2:30 p.m. for the purpose of considering and if thought fit, approving the resolutions in relation to, among others, (i) the re-election of Directors; and (ii) the granting to the Directors of the Issue Mandate and the Repurchase Mandate; and (iii) the termination of the 2022 Share Option Scheme and the adoption of the New Share Option Scheme as set out in the notice of the AGM on pages 40 to 45 of this circular.

A form of proxy for use at the AGM is enclosed. Whether or not you are able to attend the AGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

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## LETTER FROM THE BOARD

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### VOTING AT THE ANNUAL GENERAL MEETING

Pursuant to Rule 13.39 of the Listing Rules and Bye-law 66, any votes of the Shareholders at the general meetings must be taken by poll. The Company will appoint scrutineers to handle vote-taking procedures at the AGM.

As at the Latest Practicable Date, no Shareholder had a material interest in the resolutions to be proposed at the AGM. As such, no Shareholder is required to abstain from voting on the resolutions in relation thereto at the AGM.

The results of the poll will be published by way of an announcement on the websites of the Company and the Stock Exchange in accordance with the requirements of the Listing Rules.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### RECOMMENDATION

The Board considers that the proposed resolutions in relation to the re-election of Directors, grant of the Issue Mandate, the Repurchase Mandate and termination of the 2022 Share Option Scheme and adoption of the New Share Option Scheme to be put forward at the AGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information as set out in Appendices to this circular. The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

By Order of the board of  
**Tongguan Gold Group Limited**  
**Yeung Kwok Kuen**  
*Executive Director and Chief Financial Officer*

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## APPENDIX I      BIOGRAPHICAL DETAILS OF THE DIRECTORS PROPOSED FOR RE-ELECTION

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*The biographical details of the Directors proposed for re-election at the AGM are set out as follows:*

### 1.      **MR. CHU KANG NAM — INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Mr. Chu Kang Nam** (“Mr. Chu”), aged 67, was appointed as an independent non-executive director of the Company on 16 May 2007.

Mr. Chu graduated from Xiamen University with a Bachelor of Arts degree, and thereafter, lectured at Xiamen University. Mr. Chu worked in government departments of the Fujian Province of the PRC from June 1984 to November 1989, responsible for research and management positions in economics and foreign trade areas. Mr. Chu has also assumed senior management positions at various trading and retail companies since December 1989. In September 1995, he was employed as a research analyst at the Fujian Provincial Government Development Research Centre. Mr. Chu has over 20 years of management and operation experience in the areas of economics and trading.

Pursuant to a letter of appointment dated 16 May 2007 and the supplemental letters dated 1 July 2007, 5 July 2007 and 4 December 2012 entered into between the Company and Mr. Chu, (i) the appointment of Mr. Chu is for an initial term of one year and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-Laws; and (ii) Mr. Chu shall be entitled to an annual remuneration of HK\$180,000. Mr. Chu’s remuneration was fixed with reference to his duties and responsibilities with the Company as well as the Company’s remuneration policy. Mr. Chu shall not be entitled to any bonus payment.

Save as disclosed above, Mr. Chu has no relationship with any directors, senior management or substantial or controlling shareholders of the Company or its subsidiaries.

Mr. Chu did not hold any other directorship in any listed companies in the last three years.

As at the Latest Practicable Date, Mr. Chu does not have any interest in Shares within the meaning of Part XV of the SFO.

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## APPENDIX I      BIOGRAPHICAL DETAILS OF THE DIRECTORS PROPOSED FOR RE-ELECTION

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### 2.      MR. LIANG XU SHU — INDEPENDENT NON-EXECUTIVE DIRECTOR

**Mr. Liang Xu Shu** (“Mr. Liang”), aged 58, was appointed as an independent non-executive director of the Company on 14 June 2017.

Mr. Liang graduated from University of Science and Technology Beijing (北京科技大學). Mr. Liang also obtained a master’s degree and a doctorate degree in Engineering from University of Science and Technology Beijing (北京科技大學). Mr. Liang has over 20 years of management and operation experience in the gold mining industry. From 1993 to 2000, Mr. Liang held various positions at China National Gold Group Corporation (中國黃金集團公司) including supervisor, deputy manager and senior engineer. From 2001 to 2007, Mr. Liang was a deputy head engineer and production technology manager in Zhongjin Gold Corporation Limited (中金黃金股份有限公司). From 2007 to 2014, Mr. Liang was a general manager of two mining investment companies in the PRC. From 2015 to 2016, Mr Liang was a general manager of Zhongjin Golden Valley Fund Management Co., Ltd. (中金金谷基金管理有限公司). Currently, he is a vice secretary of China Occupational Safety and Health Association (中國職業安全健康協會) and the chairman of China Occupation Safety and Health (Beijing) Technology Development Co., Ltd. (中職安健(北京)科技發展有限公司).

Pursuant to a letter of appointment dated 14 June 2017 entered into between the Company and Mr. Liang, (i) the appointment of Mr. Liang is for an initial term of one year and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-Laws; and (ii) Mr. Liang shall be entitled to an annual remuneration of HK\$180,000. Mr. Liang’s remuneration was fixed with reference to his duties and responsibilities with the Company as well as the Company’s remuneration policy. Mr. Liang shall not be entitled to any bonus payment.

Save as disclosed above, Mr. Liang has no relationship with any directors, senior management or substantial or controlling shareholders of the Company or its subsidiaries.

Mr. Liang did not hold any other directorships in any listed public companies in the last three years.

As at the Latest Practicable Date, Mr. Liang does not have any interest in Shares within the meaning of Part XV of the SFO.

Save as disclosed above, the Company is not aware of any other matters in relation to the above Directors that would need to be brought to the attention of the Shareholders or any other information that would need to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

This Appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the AGM in relation to the proposed Repurchase Mandate.

### **SHARE CAPITAL**

As at the Latest Practicable Date, the issued ordinary share capital of the Company was HK\$407,027,222.1 divided into 4,070,272,221 Shares.

Subject to the passing of the resolution granting the proposed Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the AGM date, the Company will be allowed to repurchase a maximum of 407,027,222 Shares, representing 10% of the issued Shares, during the period ending on the earliest of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by the Bye-laws or any applicable laws or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

### **REASONS FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company and in circumstances where they consider that the Shares can be repurchased on the terms favourable to the Company. On the basis of the combined financial position of the Company as at 31 December 2023, being the date to which the latest published audited accounts of the Company were made up, the Directors consider that if the Repurchase Mandate was to be exercised in full at the currently prevailing market value, it may have a material adverse impact on the working capital position and gearing level of the Company. The Directors do not propose to exercise the mandate to repurchase Shares to such an extent as would, in the circumstances, have a material adverse effect on the working capital position of the Company as compared with the position disclosed in the latest published audited financial statements or the gearing level which, in the opinion of the Directors, are from time to time appropriate for the Company.

## FUNDING OF REPURCHASES

Repurchases to be made pursuant to the proposed Repurchase Mandate would be financed out of funds legally available for the purpose in accordance with the Bye-laws and applicable laws in Hong Kong and Bermuda. Such funds include, but are not limited to, funds available for dividend or distribution.

## EFFECT OF THE TAKEOVERS CODE

Upon the exercise of the power to repurchase the Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or 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, depending on the level of increase of the Shareholders' interests, may become obliged to make a mandatory general offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons were interested in 5% or more of the Shares of the Company, according to the register of interests required to be kept under Section 336 of the SFO:

Name	Number of Shares			Approximate percentage to the issued Shares as at the Latest Practicable Date	Approximate percentage to the issued Shares if the Repurchase Mandate is exercised in full
	Personal interests	Corporate interests	Total		
Lam Yuk Ying	330,000,000	—	330,000,000	8.11%	9.01%
Chen Dengguang	205,250,000	—	205,250,000	5.04%	5.60%
Jiang Wei	—	1,186,334,000 <i>(Note 1)</i>	1,186,334,000	29.15%	32.38%
Lin Eddie Chang	—	600,000,000 <i>(Note 2)</i>	600,000,000	14.74%	16.38%

*Notes:*

1. These ordinary shares are held by Qinlong Jinxin Mining Investment Limited which is 63.34% beneficially owned by Ms. Jiang Wei and 36.66% beneficially owned by Ms. Lo Ting.
2. These ordinary shares are held by Fung Wai Enterprises Ltd. which is 100% beneficially owned by Mr. Lin Eddie Chang.

In the event that the Directors exercise in full the power to repurchase Shares under the Repurchase Mandate, and assuming that no further Shares are issued or repurchased prior to the AGM, the total interests of the above Shareholders would be increased to approximately the percentages shown in the last column of the above table and such increase of interest will not give rise to an obligation to make a mandatory general offer under Rules 26 and 32 of the Takeovers Code and would not reduce the number of Shares held by the public to less than 25% of the issued Shares.

The Directors have no present intention to repurchase Shares if the proposed Repurchase Mandate is approved at the AGM.

**PRICE OF THE SHARES**

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the past twelve months preceding the Latest Practicable Date:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2023</b>		
April	0.41	0.35
May	0.80	0.365
June	0.68	0.54
July	0.76	0.54
August	0.77	0.47
September	0.59	0.45
October	0.475	0.41
November	0.52	0.425
December	0.495	0.415
<b>2024</b>		
January	0.47	0.395
February	0.54	0.41
March	0.465	0.37
April (up to the Latest Practicable Date)	0.61	0.42

**REPURCHASE OF SHARES**

No Shares have been repurchased by the Company or any of its subsidiaries whether on the Stock Exchange or otherwise, during the six months immediately preceding the Latest Practicable Date.

**GENERAL**

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their close associates has any present intention to sell any Shares to the Company or its subsidiaries if the Repurchase Mandate is approved by the Shareholders.

No core connected persons of the Company (as defined in the Listing Rules) have notified the Company that they have a present intention to sell any Shares to the Company, or have undertaken not to do so in the event that the Repurchase Mandate is approved by the Shareholders.

The Directors will exercise the Repurchase Mandate to repurchase Shares in accordance with the Listing Rules and applicable laws of Hong Kong and Bermuda. Neither this Explanatory Statement for the Repurchase Mandate nor the Repurchase Mandate has any unusual features.



The following is a summary of the principal terms of the New Share Option Scheme to be adopted by way of ordinary resolution at the AGM, save that this Appendix does not and is not intended to form part of the New Share Option Scheme, nor is deemed to form an interpretation affecting the rules of the New Share Option Scheme.

**1. PURPOSE OF THE NEW SHARE OPTION SCHEME**

- (a) The New Share Option Scheme is a share incentive scheme and is established to recognize and acknowledge the contributions which the Eligible Participants have made or may make to the Group.
- (b) The New Share Option Scheme will provide the Eligible Participants with an opportunity to acquire proprietary interests in the Company with a view to achieving the following objectives:
  - (i) motivate the Eligible Participants to utilise their performance and efficiency for the benefit of the Group; and
  - (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long term growth of the Group.

**2. ELIGIBLE PARTICIPANTS**

- (a) The eligibility of any of the Eligible Participants to an Offer shall be determined by the Board from time to time on the basis of the Board's opinion as to the Eligible Participant's contribution or potential contribution to the success of the Group's operations and enhancing the value of the Company and its Shares.
- (b) In assessing whether Options are to be granted to any Eligible Participant, the Board shall take into account various factors, including but not limited to, the nature and extent of contributions or potential contributions provided by such Eligible Participant to the Group, the special skills or technical knowledge possessed by them which is beneficial to the continuing or future development of the Group, the value which such Eligible Participant has brought to the Group's business and development and whether granting Options to such Eligible Participant is an appropriate incentive to motivate such Eligible Participant to contribute towards the success of the Group's operations.

- (c) In determining the eligibility of the Employee Participant(s), the Board will consider all relevant factors as appropriate, including, among other things:
  - (i) his/her skills, knowledge, experience, expertise relevant to the operations of the Group and in enhancing the value of the Company and its Shares;
  - (ii) his/her performance, length of services, responsibilities or employment terms and the prevailing market practice and industry standard;
  - (iii) his/her contribution made or expected to be made towards the success of the Group's operations or enhancing the value of the Company and its Shares; and
  - (iv) his/her educational and professional qualifications, and knowledge in the industry in which the Group is currently having operations or the industry in which the Group is going to develop.
  
- (d) In assessing the eligibility of the Related Entity Participant(s), the Board will consider all relevant factors as appropriate, including, among other things:
  - (i) the responsibility taken up or to be taken up by the Related Entity Participant(s) towards the success of the Group's operations or enhancing the value of the Company and its Shares;
  - (ii) the positive impacts brought by, or expected to be brought by, the Related Entity Participant on the Group's business development in terms of financial performance or financial position;
  - (iii) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialised into further business relationships;
  - (iv) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share; and
  - (v) the materiality and nature of the business relations of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participant's contribution in such holding companies, fellow subsidiaries or associated companies of the Group which may benefit the principal businesses of the Group through a collaborative relationship.
  
- (e) In assessing the eligibility of the Service Provider(s), the Service Provider(s) shall be person(s) who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business from time to time which are in the interests of the long-term growth of the Group, including (i) mining contractors; (ii) exploration and drilling experts; (iii) refinery experts; and (iv) gold-recycling and retail business service providers who work for the Company as independent contractors where the continuity and frequency of their services are akin to those of employees.

- (f) Amongst the Service Providers eligible for the granting of Options, (i) mining contractors responsible for mining ores; (ii) exploration and drilling experts responsible for pit drilling, pit exploration and surface drilling; (iii) refinery experts responsible for converting the gold concentrates to gold bullions or final products; and (iv) gold-recycling and retail service providers responsible for assisting with the gold recycling and retail process play significant roles in the Group's business development by contributing their skills, experience, knowledge and expertise in the mining business activities of the Group on a continuing and recurring basis. As the Group is principally engaged in gold exploration, development and mining production activities and gold recycling business and the Group does not have any employees specialised in mining, pit drilling and exploration and surface drilling, the Group relies on third party service providers on a regular, continuing and recurring basis to drill and explore the pits and mine the ores. The mining contractors and the exploration and drilling experts have been, and are currently engaged on an annual contractual basis, or fixed term contractual basis continuously and recurrently. Therefore, the third party mining contractors and exploration and drilling experts play an important role in the Group's ordinary and usual course of business where the continuity and frequency of their services are akin to those of the Group's employees. Although the Group currently has not engaged any refinery experts and gold-recycling and retail service providers, the Group intends to engage the refinery experts and gold-recycling and retail service providers on a continuous and recurring basis for the purpose of expanding the gold recycling business in accordance with its business needs in the future, where the continuity and frequency of their services shall be akin to those of the Group's employees. Their continuing and recurring engagement and cooperation with the Group would benefit the Group with frequent and successive strategic advice and guidance in its ordinary and usual course of business, which are substantively comparable to contributions of highly-skilled or executive employees of the Group. In assessing the eligibility of the Service Provider(s), the Board will consider all relevant factors as appropriate, including, among other things:
- (1) the expertise, professional qualifications and industry experience of the Service Provider;
  - (2) the performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services;
  - (3) the prevailing market fees chargeable by other services providers;
  - (4) the Group's length of engagement of or collaboration with the Service Provider; and
  - (5) the Service Provider's actual or potential contribution to the Group in terms of a reduction in costs or an increase in revenue or profit.

**3. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

- (a) The total number of Shares which may be issued in respect of all Options, share options and awards to be granted under the New Share Option Scheme and any other share option scheme(s) of the Company or share award scheme(s) of the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (the “Scheme Mandate Limit”) shall not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date. Options lapsed in accordance with the terms of the New Share Option Scheme shall not be regarded utilised for the purpose of calculating the Scheme Mandate Limit.
- (b) Subject to paragraph 3(a), the total number of Shares which may be issued in respect of all Options, share options and awards to be granted to the Service Providers under the New Share Option Scheme and any other share option scheme(s) of the Company or share award scheme(s) of the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not in aggregate exceed 1% of the total number of Shares in issue as at the Adoption Date (the “Service Provider Sublimit”).
- (c) Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and Service Provider Sublimit.
- (d) The Company may refresh the Scheme Mandate Limit (and the Service Provider Sublimit) at any time by obtaining approval of the Shareholders in general meeting after three years from the Adoption Date or the date of the Shareholders’ approval for the last refreshment, provided that:
  - (i) the total number of Shares which may be issued in respect of all share options and shares awards to be granted under all of the share option scheme(s) or share award scheme(s) of the Company under the Scheme Mandate Limit as refreshed (the “New Scheme Mandate Limit”) shall not exceed 10% (and the Service Provider Sublimit as refreshed (the “New Service Provider Sublimit”) shall not exceed 1%) of the Shares in issue at the date of the Shareholders’ approval of such New Scheme Mandate Limit (and New Service Provider Sublimit). Options or share options or awards previously granted under the New Share Option Scheme or any other share option scheme(s) or share award scheme(s) of the Company lapsed in accordance with the terms of the share scheme will not be regarded as utilized for the purpose of calculating the New Scheme Mandate Limit (and the New Service Provider Sublimit, if any). The Company must send a circular to its Shareholders containing the number of Options, share options and share awards that were already granted under the existing Scheme Mandate Limit and the existing Service Provider Sublimit, and the reason for the refreshment;

- (ii) any refreshment to the Scheme Mandate Limit (and the Service Provider Sublimit) within any three-year period must be approved by the Shareholders, subject to: (I) any controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and (II) the Company must comply with the requirements under Rules 13.39(6), 13.39(7), 13.40, 13.41 and 13.42 of the Listing Rules; and
  - (iii) the requirements under paragraph 3(d)(ii) do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro-rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities, rounded to the nearest whole Share.
- (e) The Company may also seek separate Shareholders' approval in general meeting for granting Options, share options and shares awards under the New Share Option Scheme or other share option scheme(s) or share award scheme(s) of the Company beyond the Scheme Mandate Limit, provided the share options or share awards in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing the name of each specified Eligible Participant who may be granted such share options or awards, the number and terms of the share options or awards to be granted to each Eligible Participant, and the purpose of granting options or awards to the specified Eligible Participants with an explanation as to how the terms of the share options or awards serve such purpose. The number and terms of share options or awards to be granted to such Eligible Participant must be fixed before Shareholders' approval. In respect of any share options to be granted, the date of the Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

- (f) The total number of Shares issued and to be issued in respect of all Options, share options or awards granted to each Eligible Participant (including both exercised or outstanding Options, share options and awards but excluding any Options, share options and awards lapsed in accordance with the terms of their respective schemes) in any 12-month period up to and including the date of such grant shall not exceed 1% of the Shares in issue (the “1% Individual Limit”). Any further grant of Options, share options or awards granted to an Eligible Participant which would result in the Shares issued and to be issued upon exercise of all Options, share options or awards granted and to be granted to such Eligible Participant (including both exercised or outstanding Options, share options and awards but excluding any Options, share options and awards lapsed in accordance with the terms of their respective schemes) in the 12-month period up to and including the date of such further grant exceeding the 1% Individual Limit shall be subject to Shareholders’ approval in general meeting in advance with such Eligible Participant and his close associates (or his associates if such Eligible Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders. The number and terms of the share options to be further granted to such Grantee must be fixed before Shareholders’ approval. In respect of any share options to be further granted, the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

#### **4. GRANT OF OPTIONS AND ACCEPTANCE OF OPTION**

- (a) On and subject to the terms of the New Share Option Scheme and the requirements of the Listing Rules, the Board shall be entitled, but shall not be bound, at any time within ten years commencing on the Adoption Date to make an Offer to any Eligible Participant, as the Board may in its absolute discretion select, to take up an Option pursuant to which such Eligible Participant may, during the Option Period, subscribe for such number of Shares (being a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof) at the Subscription Price as the Board may determine.
- (b) The Offer shall specify the terms on which the Option is to be granted and the Board may at its discretion specify any condition in the Offer which must be satisfied before the Option may be exercised.
- (c) The Offer shall state the following:
- (i) the name, address and position of the Eligible Participant and the category to which the Eligible Participant belongs;
  - (ii) the number of Shares in respect of which the Offer is made and the Subscription Price;

- (iii) the Option Period in respect of which the Offer is made, or as the case may be, the Option Period in respect of separate parcels of Shares comprised in the Offer;
- (iv) the last date by which the Offer must be accepted (which must not be later than 21 days from the date on which the letter containing the Offer is delivered to that Eligible Participant);
- (v) a minimum period for which the Options must be held before it is vested and exercisable, in accordance with the terms of the New Share Option Scheme;
- (vi) the procedure for acceptance;
- (vii) the performance target(s) (if any) that must be attained by the Eligible Participant before any Option can be exercised;
- (viii) any provisions relating to clawback mechanism (if any, in the sole discretion of the Board or the Remuneration Committee and where appropriate) to recover or withhold the remuneration (which may include any Options granted) to any Grantee;
- (ix) such other terms and conditions of the Offer as may be imposed by the Directors which in their opinion are fair and reasonable and not inconsistent with the New Share Option Scheme; and
- (x) a statement requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme.

- (d) An Offer shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the Offer Date. An Offer shall be deemed to have been accepted and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the Offer duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company. Such remittance shall not be refundable in any circumstances.
- (e) Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent the Offer is not accepted within 21 days of the Offer Date in the manner indicated in paragraph 4(d), it will be deemed to have been irrevocably declined.
- (f) The Option Period of an Option shall not be more than ten years from the Offer Date of that Option.

#### **5. GRANT OF OPTIONS TO CONNECTED PERSONS**

- (a) Any grant of Options to any director, chief executive or substantial shareholder of the Company (or any of their respective associates) shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is a proposed Grantee of the grant of Options).
- (b) Where any grant of Options to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all Options and awards granted (excluding any Options and awards lapsed in accordance with the respective terms of the scheme) to such person in the 12-month period up to and including the Offer Date (or such other period as may from time to time be specified by the Stock Exchange) representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue on the Offer Date, such grant of Options shall be subject to prior approval by the Shareholders in general meeting (voting by way of poll). The Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting and the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.



**6. VESTING PERIOD OF OPTION**

- (a) The vesting period for the Options shall be determined by the Board, and save for the circumstances prescribed in paragraph 6(b), shall not be less than 12 months after the Offer Date.
- (b) A shorter vesting period may be granted to the Employee Participants at the discretion of the Board (or the Remuneration Committee where the arrangements relate to grant of Options to Directors and/or senior managers of the Group) only in any of the following circumstances:
  - (i) grants of “make-whole” Options to new joiners to replace the share awards or options they forfeited when leaving the previous employer;
  - (ii) grants to an Employee Participant whose employment is terminated due to disability or occurrence of any out-of-control event;
  - (iii) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;
  - (iv) grants with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of 12 months; or
  - (v) grants with performance-based vesting conditions in lieu of time-based vesting criteria,

each of which is considered appropriate and serves the purpose of the New Share Option Scheme to provide flexibility to grant Options (1) as part of competitive terms and conditions to induce valuable talent to join the Group (sub-paragraphs (i) and (iv)); (2) to reward past contribution which may otherwise be neglected due to administrative or technical reasons (sub-paragraphs (ii) and (iii)); (3) to reward exceptional performers with accelerated vesting (sub-paragraph (iv)); (4) to motivate exceptional performers based on performance metrics rather than time (sub-paragraph (v)); and (5) in exceptional circumstances where justified (sub-paragraphs (i) to (v)).

- (c) In the circumstances contemplated in paragraphs 11 to 13 below, the Board shall determine in its absolute discretion whether such Options shall vest and the period within which such Options shall vest, subject to the requirements of the Listing Rules and rules of the New Share Option Scheme (including the requirements on vesting period as set out in paragraphs 6(a) and 6(b) above). For the avoidance of doubt, vesting period of Options granted to Eligible Participants who are not Employee Participants will not be less than 12 months in any event.

**7. SUBSCRIPTION PRICE**

The subscription price in respect of any option shall be determined by the Board but shall be at least the highest of: (a) the closing price of a Share as stated in the daily quotations sheet of the Stock Exchange on the date of grant which must be a business day; (b) the average closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share.

**8. TIME OF EXERCISE OF OPTION**

- (a) Subject to certain restrictions contained in the New Share Option Scheme, an Option may be exercised in accordance with the terms of the New Share Option Scheme and the terms of grant thereof at any time during the applicable Option Period, which is not more than 10 years from the date of grant of Option.
- (b) There is no general requirement on the minimum period for which an Option must be held or the performance targets which must be achieved before an Option can be exercised under the terms of the New Share Option Scheme. However, at the time of granting any Option, the Board may, on a case-by-case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the Options to be held and/or the performance targets to be achieved as the Board may determine in its absolute discretion.

**9. RIGHTS PERSONAL TO THE OPTION HOLDER**

An option shall be personal to the option holder and shall not be assignable and no option holder shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option or enter into any agreement so to do.

**10. RIGHTS ON CEASING TO BE AN ELIGIBLE PARTICIPANT**

- (a) In the event of the Grantee (being an individual) ceasing to be an Eligible Participant by reason of his death before exercising his option in full, such option period shall be deemed to expire 6 months after the date of such Grantee's death and, if none of the events under paragraphs 11 to 13 existed with respect to such Grantee at the time of his death, his Personal Representative(s) may exercise such option (to the extent not already exercised) in whole or in part within such period of 6 months, provided that where any of the events set out in paragraphs 11 to 13 occurs prior to his death or within such period of 6 months following his death, then his Personal Representative(s) may so exercise the option within such of the various periods respectively set out in such paragraphs, and any option not so exercised shall lapse and determine at the expiry of such 6 months or any applicable shorter period set out in paragraphs 11 to 13.

- (b) In the event of the Grantee ceasing to be an Eligible Participant for any reason other than as described in sub-paragraph (a), then all his options shall lapse and determine on the date he so ceases (to the extent not already exercised), unless the Board gives notice in writing to the Grantee within one month of the date the Grantee ceasing to be an Eligible Participant that his option (to the extent not exercised) may be exercised at any time within such period set out in the notice from the Board.

**11. EFFECT ON TAKEOVER**

If in consequence of any general offer made to all the Shareholders (or all such Shareholders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) (including an offer made in the first instance on a condition such that, if it is satisfied, the offeror will have control of the Company) or otherwise, and such offer becomes or is declared unconditional, then the Directors shall as soon as practicable thereafter notify every Grantee accordingly and each Grantee shall be entitled at any time within the period of 21 days of the notice given by the offeror, to exercise all of his outstanding option, and such option shall, to the extent not having been exercised, lapse and determine upon the expiry of such period.

**12. EFFECT OF WINDING UP**

In the event a notice is given by the Company to the Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution for the voluntary winding up of the Company, the Company shall forthwith give notice thereof to every Grantee and the Grantee shall be entitled by notice in writing to the Company (such notice to be received by the Company not later than 4 business days prior to the proposed Shareholders' meeting) exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event not later than the day immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise and all options shall, to the extent not having been exercised, lapse and determine.

**13. EFFECT ON RECONSTRUCTION**

If a compromise or arrangement between the Company and the Shareholders or its creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to every Grantee on the same day as it despatches to each Shareholder or creditor of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each Grantee shall be entitled by notice in writing to the Company accompanied by the remittance for the subscription price in respect of his option (such notice to be received by the Company not later than 2 business days prior to the proposed meeting) exercise his option (to the extent not already exercised) to its full extent. With effect from the date of such meeting, the rights of all Grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent not having been exercised, thereupon lapse and determine. The Directors shall endeavour to procure that the Shares issued as a result of the exercise of options under this paragraph 13 shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court having jurisdiction (the “Court”) (whether upon the terms presented to the Court or upon any other terms as may be approved by such Court), the rights of the Grantees to exercise their respective options shall with effect from the date of the making of the order by the Court be restored in full and shall thereupon become exercisable (but subject to the other terms of the scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension.

**14. RANKING OF SHARES**

Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Bye-laws of the Company for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members) (the “Exercise Date”) and accordingly will entitle the holders thereof to the same rights on voting, transfer and other rights, including those arising on a liquidation of the Company and to participate in all dividends or other distributions (including distributions made upon the liquidation of the Company) paid or made on or after the Exercise Date, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the Grantee has been duly entered onto the register of members of the Company as the holder thereof.

**15. EFFECT OF ALTERATION TO CAPITAL**

(a) In the event of any alteration in the capital structure of the Company whilst any option remains exercisable or the New Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issues, consolidation, sub-division of Shares or reduction of share capital of the Company, then, in any such case, the Board shall instruct the auditors or an independent financial adviser to certify in writing:

(i) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

(1) the number or nominal amount of Shares to which the New Share Option Scheme or any option(s) relates (insofar as it is/they are unexercised); and/or

(2) the subscription price; and/or

(3) the maximum number of Shares referred to in paragraph 3 above,

and an adjustment as so certified by the Auditors or the independent financial adviser shall be made, provided that:

(aa) any such adjustment shall be made on the basis that the proportion of the issued share capital of the Company for which any Grantee would have been entitled had he exercised all the options held by him in full immediately prior to such adjustment shall be equal to the proportion of the issued share capital of the Company for which he would have been entitled had he exercised all the options held by him in full immediately after such adjustment;

(bb) any such adjustment shall be made on the basis that the aggregate subscription price payable by a Grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;

(cc) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value (if any); and

(dd) the issue of Shares as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and

(ii) the adjustment (other than an adjustment made in the event of a capitalization issue) so made satisfy the requirements set out in sub-paragraphs (aa) to (dd) of paragraph 15(a)(i) above.

- (b) If there has been any alteration in the capital structure of the Company as a result of the circumstances set out in sub-paragraph (a) of this paragraph 15, the Company shall, upon receipt of a notice from a Grantee as mentioned above inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the Auditors or the independent financial adviser obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditors or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard.
- (c) In giving any certificate under this paragraph 15, the Auditors and the independent financial adviser shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.
- (d) If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit or the Service Provider Sublimit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all share options and awards to be granted under all of the share option scheme(s) or share awards scheme(s) of the Company under the Scheme Mandate Limit or the Service Provider Sublimit as a percentage of the total number of Shares in issue at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole share but no such adjustments may be made to the extent that a Share would be issued at less than its nominal value.

#### **16. LAPSE OF OPTION**

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) subject to sub-paragraph (b) of this paragraph 16, the expiry of the option period in respect of such option;
- (b) the expiry of any of the periods referred to in paragraphs 10 to 13;
- (c) the date of commencement of the winding up of the Company;
- (d) the date on which the Grantee sells, transfers, charges, mortgages, encumbers or creates any interest in favour of any other party, over or in relation to any option in breach of the rules of the New Share Option Scheme;

- (e) the date on which any of the following events, unless otherwise waived by the Board, happens:
  - (i) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the assets or undertaking of the Grantee (being a corporation) of such option;
  - (ii) the Grantee (being a corporation) of such option has ceased or suspended payment of its debts, becomes unable to pay its debts or otherwise becomes insolvent;
  - (iii) there is unsatisfied judgment, order or award outstanding against the Grantee of such option;
  - (iv) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in sub-paragraphs (i), (ii) and (iii) above in respect of the Grantee of such option;
  - (v) a bankruptcy order has been made against any director of the Grantee (being a corporation) of such option in any jurisdiction; or
  - (vi) a petition for bankruptcy has been presented against any director of the Grantee (being a corporation) of such option in any jurisdiction;
- (f) the date on which the Grantee commits a breach of any condition, restriction or limitation attached to the grant of any option, if the Board shall exercise the Company's right to cancel such option; or
- (g) the date on which the Board considers that the Grantee fails to meet any eligibility criteria set out by the Board, if the Board shall exercise the Company's right to cancel the option.

#### **17. CANCELLATION OF OPTIONS**

Any Options granted but not exercised may be cancelled by the Board and new Options may be granted to the same Grantee provided such new Options are granted within the limits prescribed by paragraph 3 and otherwise comply with the terms of the New Share Option Scheme. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and Service Provider Sublimit.

**18. RESTRICTION ON THE TIME OF GRANT OF OPTION**

No Option shall be granted by the Board in the following circumstances:

- (a) after inside information (as defined in the SFO as amended from time to time) has come to its knowledge until (and including) the trading day after the Company has announced the information pursuant to the requirements of the Listing Rules; and
- (b) during the period commencing one month immediately before the earlier of:
  - (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
  - (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules);

and ending on the date of the results announcement.

*(Note: No Option may be granted during any period of delay in publishing a results announcement.)*

**19. ALTERATION TO THE NEW SHARE OPTION SCHEME**

- (a) Subject to paragraphs 19(b) to 19(e), the Board may amend any of the provisions of the New Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions imposed by the provisions of the New Share Option Scheme, which are not restricted under Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date).
- (b) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants must be approved by Shareholders in general meeting.
- (c) Any change to the terms of Options granted to an Eligible Participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be), unless the alterations take effect automatically under the existing terms of the New Share Option Scheme.



- (d) Any change to the authority of the Directors or the administrators of the New Share Option Scheme to alter the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.
- (e) The amended terms of the New Share Option Scheme and/or any Options pursuant to this paragraph 19 must comply with the relevant requirements of Chapter 17 of the Listing Rules.

**20. TERMINATION**

- (a) The Company may, by an ordinary resolution at a general meeting or of a resolution of the Board, at any time terminate the operation of the New Share Option Scheme and in such event no further option will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme, and any option granted but not yet exercised prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.
- (b) The Board or the Shareholders (by an ordinary resolution) shall have the right, at any time and from time to time, by notice to a Grantee forthwith to cancel, whether conditionally or unconditionally, any option granted to the Grantee but not exercised. Cancelled options may be re-issued after such cancellation has been approved, provided that re-issued options shall only be granted in compliance with the terms of the New Share Option Scheme. For the avoidance of doubt, new options may be issued to an option holder in place of his cancelled options only if there are available unissued options (excluding cancelled options) within the limit approved by the Shareholders as mentioned in paragraph 3 above. The Board may also in its absolute discretion determine that against cancellation of all or any part of the outstanding options held by a Grantee, a sum shall be paid to the Grantee which sum shall be equal to the excess (if any) of the price of the Shares comprised in the outstanding options or the relevant part thereof calculated at the average of the closing prices of the Shares on the Stock Exchange according to the daily quotations published by the Stock Exchange during the 5 business days immediately preceding the date of the cancellation notice over the aggregate subscription price comprised in the outstanding options or the relevant part thereof.

**21. TERM OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme shall commence on the day it becomes unconditional and shall continue in force until the tenth anniversary of such date.

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## NOTICE OF ANNUAL GENERAL MEETING

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# 潼關黃金集團有限公司

## Tongguan Gold Group Limited

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00340)**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Tongguan Gold Group Limited (the “Company”) will be held at Room 1306, 13/F., Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong on Friday, 31 May 2024 at 2:30 p.m. for the following purposes:

**NO refreshments, NO food and beverage service, and NO handing out of corporate gifts, gift coupons or cake vouchers.**

### ORDINARY RESOLUTIONS

1. To receive and adopt the audited financial statements and the reports of the directors and auditors of the Company for the year ended 31 December 2023.
2. To re-elect directors of the Company and authorise the board of directors of the Company to fix the directors’ remuneration. *(Note 4)*
3. To re-appoint CL Partners CPA Limited as auditors of the Company and authorise the board of directors of the Company to fix their remuneration.
4. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

**“THAT:**

- (i) subject to sub-paragraph (iii) of this resolution, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot and issue or otherwise deal with additional shares in the ordinary share capital of the Company (“Shares”) and to make or grant offers, agreements and options which might require the exercise of such powers either during or after the Relevant Period, be and is hereby generally and unconditionally approved;
- (ii) the approval given in paragraph (i) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

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## NOTICE OF ANNUAL GENERAL MEETING

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(iii) the total number of Shares allotted and issued or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Company pursuant to the approval in sub-paragraph (i) of this resolution, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined); (b) an issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares; (c) an issue of Shares as scrip dividends 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 Bye-laws of the Company from time to time; or (d) an issue of Shares under any share option scheme or similar arrangement of the Company and/or any of its subsidiaries, shall not exceed 20% of the total number of issued Shares as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

(iv) for the purposes of this resolution:

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

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; or
- (c) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution in general meeting.

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

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## NOTICE OF ANNUAL GENERAL MEETING

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5. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

**“THAT:**

- (i) subject to sub-paragraph (ii) of this resolution, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued shares in the ordinary share capital of the Company (“Shares”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under The Codes on Takeovers and Mergers and Share Buy-backs, subject to and in accordance with all applicable laws and regulations and the Bye-laws of the Company, be and is hereby generally and unconditionally approved;
- (ii) the total number of Shares which the Company is authorised to repurchase pursuant to the approval in subparagraph (i) above of this resolution shall not exceed 10% of the total number of issued Shares as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (iii) for the purposes of this resolution:

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

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; or
- (c) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution in general meeting.”

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## NOTICE OF ANNUAL GENERAL MEETING

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6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT** conditional upon the passing of resolutions nos. 4 and 5 as set out in the notice convening the meeting of which this resolution forms part, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue or otherwise deal with additional Shares in the ordinary share capital of the Company pursuant to resolution no. 4 as set out in the notice convening the meeting of which this resolution forms part be and is hereby extended by the addition thereto an amount representing the total number of Shares repurchased by the Company under the authority granted pursuant to resolution no. 5 as set out in the notice convening the meeting of which this resolution forms part, provided that such extended amount shall not exceed 10% of the total number of issued Shares as at the date of the passing of this resolution.”

7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT:**

- (i) subject to and conditional upon the Stock Exchange granting the listing of, and permission to deal in, the ordinary shares of HK\$0.10 each in the capital of the Company (“Shares”) which may fall to be allotted and issued pursuant to the exercise of the share options which may be granted under the share option scheme of the Company (the “New Share Option Scheme”), a copy of which is tabled at the AGM marked “A” and signed by the chairman of the AGM for the purpose of identification, the New Share Option Scheme be and is hereby approved and adopted and the directors of the Company be and are hereby authorised to grant options and to allot, issue and deal with the Shares pursuant to the exercise of any option granted thereunder and to take all such acts and enter into all such transactions, arrangements and agreements as they may consider necessary or expedient to implement or give full effect to the New Share Option Scheme;
- (ii) the Scheme Mandate Limit (as defined in the New Share Option Scheme) of 10% of the number of Shares in issue as at the date of passing of this resolution be and is hereby approved and adopted; and
- (iii) conditional upon the New Share Option Scheme becoming effective, the existing share option scheme of the Company as adopted on 13 June 2022 (the “2022 Share Option Scheme”) be and is hereby terminated (without prejudice to the rights and benefits of and attached to any outstanding options which have been granted under the 2022 Share Option Scheme prior to the date of the passing of this resolution).”

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## NOTICE OF ANNUAL GENERAL MEETING

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8. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

“**THAT** the Service Provider Sublimit (as defined in the New Share Option Scheme) on the total number of Shares that may be issued in respect of all share options to be granted to Service Providers (as defined in the New Share Option Scheme) under the New Share Option Scheme or all other share schemes of the Company (i.e. 1% of the Shares of the Company in issue as at the date of passing of this resolution) be and is hereby approved and adopted and the directors of the Company be and are hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the directors of the Company may consider necessary, desirable or expedient to effect and implement the Service Provider Sublimit.”

By Order of the Board of  
**Tongguan Gold Group Limited**  
**Leung Lai Ming**  
*Company Secretary*

Hong Kong, 22 April 2024

*Registered Office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

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## NOTICE OF ANNUAL GENERAL MEETING

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*Notes:*

1. A member entitled to attend and vote at the meeting is entitled to appoint one or if he holds two or more shares, more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Where there are joint holders of a share of the Company, any one of such holders may vote at the meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders are present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.
4. The biographical details of the directors of the Company who are subject to re-election are set out in the circular of the Company dated 22 April 2024.
5. The register of members of the Company will be closed from Tuesday, 28 May 2024 to Friday, 31 May 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Monday, 27 May 2024.
6. If Typhoon Signal No. 8 or above, "extreme conditions" caused by super typhoons, or a "black" rainstorm warning is in effect in Hong Kong any time after 11:30 a.m. on the date of the annual general meeting, the meeting will be re-scheduled. The Company will post an announcement on the website of the Company at [www.tongguangold.com](http://www.tongguangold.com) and on the HKEXnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) to notify the shareholders of the Company of the date, time and place of the rescheduled meeting.

*As at the date hereof, the board of directors of the Company comprises Mr. Yeung Kwok Kuen, Mr. Shi Xing Zhi and Mr. Shi Sheng Li as executive directors, and Mr. Chu Kang Nam, Mr. Liang Xu Shu and Mr. Leung Ka Wo as independent non-executive directors.*