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**SHARE OPTION SCHEME**

**of**

**TONGGUAN GOLD GROUP LIMITED**

**潼關黃金集團有限公司**

**(Incorporated in Bermuda with limited liability)**

**(Adopted on [ ] [ ] 2024)**

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Chairman of the Annual General  
Meeting of the Company  
held on [ ] 2024

## 1. DEFINITION

1.1 In this Scheme, the following expressions shall have the following meanings:

<b>“Adoption Date”</b>	means the date on which this Scheme becomes unconditional upon fulfilment or satisfaction of all the conditions set out in paragraph 2.1;
<b>“Associates”</b>	has the same meaning as defined in the Listing Rules;
<b>“Auditors”</b>	means the auditors for the time being of the Company;
<b>“Board”</b>	means the board of directors of the Company;
<b>“Business Day”</b>	means any day on which the Stock Exchange is open for the business of dealing in securities listed thereon;
<b>“Close Associates”</b>	has the same meaning as defined in the Listing Rules;
<b>“Companies Ordinance”</b>	means the Companies Ordinance, Chapter 622 of the Laws of Hong Kong;
<b>“Company”</b>	means Tongguan Gold Group Limited, a company duly incorporated in Bermuda whose registered office is situated at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda;
<b>“Connected Person(s)”</b>	has the same meaning as defined in the Listing Rules;
<b>“Core Connected Person(s)”</b>	has the same meaning as defined in the Listing Rules;
<b>“Directors”</b>	means the directors of the Company for the time being;
<b>“Eligible Participant(s)”</b>	means any of the following categories of persons: (a) the Employee Participants; (b) the Service Providers; or

(c) the Related Entity Participants;

**“Employee Participant(s)”**

means 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”**

means any Eligible Participants who accepts the Offer in accordance with the terms of this Scheme or (where the context so permits and as referred to in paragraph 9.4.1) his Personal Representative(s);

**“Group”**

means the Company and the Subsidiaries;

**“HK\$” or “Hong Kong Dollars”**

means the lawful currency for the time being of Hong Kong;

**“Hong Kong”**

means Hong Kong Special Administrative Region of the People’s Republic of China;

**“Inside Information”**

has the same meaning as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time;

**“Listing Rules”**

means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

**“Offer”**

means an offer of grant of an Options made in accordance with paragraph 7.1;

**“Offer Date”**

means the date on which an Offer is made to an Eligible Participant;

**“Option(s)”**

means option(s) to subscribe for Shares granted pursuant to the Scheme;

**“Option Period”**

means in respect of any particular Option, the period

within which the Shares must be taken up as shall to 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)”**

means 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);

**“Related Entity Participant(s)”**

means directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company;

**“Remuneration Committee”**

means the remuneration committee of the Board;

**“Scheme”**

means this Share Option Scheme in its present form or as may be amended in accordance with paragraph 14;

**“Service Provider(s)”**

means 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;

**“Shareholders”**

means the holders of Shares;

**“Shares”**

means shares of par value of HK\$0.10 each of and in the share capital of the Company, or, if there has been a sub-division, consolidation, re-classification or reconstruction of the share capital of the Company,

shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction;

**“Stock Exchange”**

means The Stock Exchange of Hong Kong Limited or such other stock exchange which is the principal stock exchange (as determined by the Directors) on which the Shares are for the time being listed or traded;

**“Subscription Price”**

means the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to paragraph 8;

**“Subsidiary”**

means a corporation which is for the time being and from time to time a subsidiary of the Company (within the meaning of the Companies Ordinance or Section 86 of the Companies Act 1981 of Bermuda (as amended)), whether incorporated in Hong Kong, Bermuda or elsewhere, and “**Subsidiaries**” shall be construed accordingly;

**“Substantial Shareholders”**

has the same meaning as defined in the Listing Rules;

**“Termination Date”**

means the date that falls on the expiry of 10 years after the Adoption Date; and

**“%”**

means per cent.

1.2 In this Scheme, unless the context requires otherwise:

- 1.2.1 paragraph headings are for ease of reference only and shall be ignored in construing this Scheme;
- 1.2.2 references to paragraph or paragraphs are references to paragraph or paragraphs hereof;
- 1.2.3 words importing the singular include the plural and vice versa;
- 1.2.4 words importing one gender include both genders and the neuter and vice versa;
- 1.2.5 references to persons include bodies corporate and unincorporated;
- 1.2.6 references to any statutory provisions or rules prescribed by any statutory bodies shall

- include the same as from time to time amended, consolidated and re-enacted; and
- 1.2.7 references to any statutory body shall include the successor thereof and any body established to replace or assume the functions of the same.

## **2. CONDITIONS**

- 2.1 This Scheme is conditional upon:
- 2.1.1 the passing of an ordinary resolution in a general meeting of the Company approving the adoption of this Scheme; and
  - 2.1.2 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 subscription rights attaching to the Options to be granted under this Scheme.
- 2.2 The reference in paragraph 2.1.2 to the Stock Exchange granting the approval and permission referred to therein shall include any such approval and permission which are granted subject to such conditions as the Stock Exchange may impose.
- 2.3 A certificate signed by a Director certifying that the conditions set out in paragraph 2.1 have been fulfilled or satisfied and the date on which such conditions were fulfilled or satisfied or that such conditions have not been fulfilled or satisfied as of any particular date and the exact date of the “Adoption Date” shall be conclusive evidence of the matters so certified.

## **3. PURPOSE**

- 3.1 The 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.
- 3.2 The Scheme will provide the Eligible Participants with an opportunity to acquire proprietary interests in the Company with a view to achieving the following objectives:
- 3.2.1 motivate the Eligible Participants to utilise their performance and efficiency for the benefit of the Group; and
  - 3.2.2 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.

## **4. COMMENCEMENT, DURATION AND ADMINISTRATION**

- 4.1 The Scheme shall commence on the Adoption Date and shall continue in force until the Termination Date.
- 4.2 After the Termination Date, no further Options shall be granted but the provisions of this Scheme

shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme.

- 4.3 This Scheme shall be subject to the administration of the Board or any committee established by the Board from time to time, whose decision (save as otherwise provided herein) shall be final and binding on all parties. Without prejudice to the generality of the foregoing, the Board shall have the absolute discretion to:
- 4.3.1 interpret and construe the provisions of this Scheme;
  - 4.3.2 subject to such relevant requirements under the Listing Rules, determine the persons who will be granted Options under this Scheme, and the number and exercise price of Options granted thereto;
  - 4.3.3 determine the exercise period and other relevant terms and conditions for each Option;
  - 4.3.4 subject to paragraph 14, make such appropriate and equitable adjustments to the terms of Options granted under this Scheme as it deems necessary;
  - 4.3.5 subject to paragraph 14, adopt rules and regulations for carrying out this Scheme;
  - 4.3.6 prescribe the form or forms of instruments to be issued as evidence of any Options granted under this Scheme; and
  - 4.3.7 make such other decisions or determinations as it shall deem appropriate in the administration of this Scheme.

## **5. ELIGIBLE PARTICIPANTS**

- 5.1 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.
- 5.2 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.
- 5.3 In determining the eligibility of the Employee Participant(s), the Board will consider all relevant factors as appropriate, including, among other things:
- 5.3.1 his/her skills, knowledge, experience, expertise relevant to the operations of the Group and in enhancing the value of the Company and its Shares;

- 5.3.2 his/her performance, length of services, responsibilities or employment terms and the prevailing market practice and industry standard;
  - 5.3.3 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
  - 5.3.4 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.
- 5.4 In assessing the eligibility of the Related Entity Participant(s), the Board will consider all relevant factors as appropriate, including, among other things:
- 5.4.1 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;
  - 5.4.2 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;
  - 5.4.3 whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialised into further business relationships;
  - 5.4.4 whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share; and
  - 5.4.5 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.
- 5.5 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(s) for the Company as independent contractors where the continuity and frequency of their services are akin to those of employees.
- 5.6 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:

- 5.6.1 the expertise, professional qualifications and industry experience of the Service Provider;
  - 5.6.2 the performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services;
  - 5.6.3 the prevailing market fees chargeable by other services providers;
  - 5.6.4 the Group's length of engagement of or collaboration with the Service Provider; and
  - 5.6.5 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.
- 5.7 The Company shall be entitled to cancel any Option granted to a Grantee but not exercised if such Grantee fails to meet the eligibility criteria determined by the Board.

## **6. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

- 6.1 The total number of Shares which may be issued upon exercise of all Options, share options and awards to be granted under this Scheme and any other share option scheme(s) of the Company or share award scheme(s) of the Company (the "**Scheme Mandate Limit**") must not, in aggregate, exceed 10% of the Shares in issue as at the date of approval of this Scheme by the Shareholders. Options or awards lapsed in accordance with the terms of this Scheme or any other share option scheme(s) or any other share award scheme(s) of the Company will not be regarded as utilised counted

for the purpose of calculating the Scheme Mandate Limit.

- 6.2 Subject to paragraph 6.1, 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 this Scheme, any other share option scheme(s) of the Company and any other share award scheme(s) of the Company shall not in aggregate exceed 1% of the total number of Shares in issue as at the Adoption Date (the “**Service Provider Sublimit**”).
- 6.3 Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and Service Provider Sublimit.
- 6.4 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:
- 6.4.1 the total number of Shares which may be issued in respect of all share options and share 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 Scheme or any other share option scheme(s) or share award scheme(s) of the Company lapsed in accordance with the terms of the scheme will not be regarded as utilised 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;
- 6.4.2 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
- 6.4.3 the requirements under paragraph 6.4.2 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.

- 6.5 The Company may also seek separate Shareholders' approval in general meeting for granting Options, share options and share awards under this Scheme or other share option 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.
- 6.6 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 or 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.
- 6.7 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.

- 6.8 The maximum number of Shares referred to in paragraph 6 shall be adjusted, in such manner as the Auditors or the independent financial advisor of the Company retained for such purpose shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with paragraph 11 whether by way of capitalisation issue, rights issue, subdivision or consolidation of Shares, or reduction of the share capital of the Company, but in any event shall not exceed the Scheme Mandate Limit prescribed in paragraph 6.1.

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

- 7.1 On and subject to the terms of this 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.
- 7.2 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.
- 7.3 Notwithstanding the foregoing paragraph 7.1, no Option shall be granted by the Board in the following circumstances:
- 7.3.1 after Inside Information 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
  - 7.3.2 during the period commencing one month immediately before the earlier of:
    - (a) 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

- (b) 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)

7.4 An Offer shall state the following:

- 7.4.1 the name, address and position of the Eligible Participant and the category to which the Eligible Participant belongs;
- 7.4.2 the number of Shares in respect of which the Offer is made and the Subscription Price for such Shares;
- 7.4.3 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;
- 7.4.4 the last date by which the Offer must be accepted;
- 7.4.5 a minimum period for which the Options must be held before it is vested and exercisable, in accordance with paragraphs 7.5 and 7.6;
- 7.4.6 the procedures for acceptance;
- 7.4.7 the performance target(s) (if any) that must be attained by the Eligible Participant before any Option can be exercised;
- 7.4.8 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;
- 7.4.9 the specific conditions, restrictions or limitations referred to in paragraph 7.12 (if any) and such other terms and conditions of the Offer as may be imposed by the Board as are not inconsistent with this Scheme; and
- 7.4.10 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 this Scheme.

7.5 The vesting period for the Options shall be determined by the Board, and save for the circumstances prescribed in paragraph 7.6, shall not be less than 12 months after the Offer Date.

7.6 A shorter vesting period may be granted to the 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) only in any of the following circumstances:

- 7.6.1 grants of “make-whole” Options to new joiners to replace the share awards or options they forfeited when leaving the previous employer;

- 7.6.2 grants to an Employee Participant whose employment is terminated due to disability or occurrence of any out-of-control event;
  - 7.6.3 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;
  - 7.6.4 grants with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of 12 months; or
  - 7.6.5 grants with performance-based vesting conditions in lieu of time-based vesting criteria, each of which is considered appropriate and serves the purpose of this Scheme to provide flexibility to grant Options (i) as part of competitive terms and conditions to induce valuable talent to join the Group (paragraphs 7.6.1 and 7.6.4; (ii) to reward past contribution which may otherwise be neglected due to administrative or technical reasons (sub-paragraphs 7.6.2 and 7.6.3); (iii) to reward exceptional performers with accelerated vesting (paragraph 7.6.4); (iv) to motivate exceptional performers based on performance metrics rather than time (paragraph 7.6.5); and (v) in exceptional circumstances where justified (paragraphs 7.6.1 to 7.6.5).
- 7.7 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. Such performance targets may include:
- 7.7.1 any measurable performance benchmark, including financial and management targets, 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;
  - 7.7.2 the Grantee's fulfilment of milestones with respect to, including but not limited to, business development of the Group;
  - 7.7.3 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
  - 7.7.4 any other performance targets as the Board determines as appropriate.
- 7.8 Any grant of an Option to a Director, chief executive or Substantial Shareholder of the Company or any of their respective Associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a Grantee of such Option).
- 7.9 The requirement for the grant of an Option to a Director or chief executive of the Company set out in paragraphs 6.7 and 7.8 shall not apply where the proposed Grantee is only a proposed Director or chief executive of the Company.

- 7.10 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.
- 7.11 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 7.10, it will be deemed to have been irrevocably declined.
- 7.12 Subject to the provisions of this Scheme, the Board may at its discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in this Scheme as it may think fit (to be stated in the letter containing the Offer), including (without prejudice to the generality of the foregoing) conditions, restrictions or limitations relating to the achievement of operating or financial targets, the satisfactory performance by the proposed Grantee, the time when the right to exercise the Option in respect of all or some of the Shares the subject of the Option will vest or the minimum period during which the Option must be held by the Grantee. The Company shall be entitled to cancel any Option granted but not exercised if there is a breach of any of such conditions, restrictions or limitations by the Grantee.
- 7.13 The Option Period of an Option shall not be more than ten years from the Offer Date of that Option.

## **8. SUBSCRIPTION PRICE**

The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to paragraph 11, be at the discretion of the Board, provided that it shall be not less than the highest of:

- 8.1 the closing price of a Share on the Stock Exchange as stated in the daily quotations sheet of the Stock Exchange on the Offer Date in respect of such Option (and if such Offer Date is not a Business Day, the Business Day immediately preceding such Offer Date);
- 8.2 the average closing price of the Shares on the Stock Exchange as stated in the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the Offer Date in respect of such Options; and
- 8.3 the nominal value of a Share.

## 9. EXERCISE OF OPTIONS

- 9.1 An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option or part thereof granted to such Grantee to the extent not already exercised in accordance with paragraph 10.4.
- 9.2 An Option may be exercised in accordance with the terms of this Scheme at any time during an Option Period in respect of such Option (subject to paragraph 9.4), save that no Option may be exercised later than 10 years from the Offer Date.
- 9.3 An Option shall be exercisable in whole or in part in the circumstances by the Grantee (or his Personal Representative(s)) by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Any partial exercise of the Option shall be in respect of such number of Shares as from time to time constitutes a board lot for the purposes of trading Shares on the Stock Exchange or any integral multiple thereof. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price for Shares in respect of which the notice is given. Within 21 Business Days after receipt of the notice and, where appropriate, receipt of the certificate of the Auditors or the independent financial adviser to the Company pursuant to paragraph 11, the Company shall accordingly allot the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a Personal Representative pursuant to paragraph 9.4.1, to the estate of the Grantee) credited as fully paid and issue to the Grantee (or his estate in the event of an exercise by his Personal Representative as aforesaid) a share certificate for every board lot of Shares so allotted and a share certificate for the balance (if any) of the Shares so allotted which do not constitute a board lot.
- 9.4 Subject as hereinafter provided and paragraphs 7.5 and 7.6, an Option may be exercised at any time during the Option Period in respect of such Option, provided that:
- 9.4.1 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 9.4.3 to 9.4.5 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 in accordance with the provisions of paragraph 9.3 within such period of 6 months, provided that where any of the events set out in paragraphs 9.4.3 to 9.4.5 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 9.4.3 to 9.4.5;
- 9.4.2 in the event of the Grantee ceasing to be an Eligible Participant for any reason other than as described in paragraph 9.4.1, 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 of 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 as set out in the notice from the Board;
- 9.4.3 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;
- 9.4.4 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;
- 9.4.5 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 9.4.5 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; and

- 9.4.6 upon the occurrence of any of the events referred to in paragraph 9.4.3 to 9.4.5, the Company may at its discretion and notwithstanding the terms of the relevant Option, also give notice to the Grantee that his Option may be exercised at any time within such period as shall be notified by the Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by the Company. If the Company issues such notice, the balance of the Options shall lapse.
- 9.5 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.
- 9.6 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 6 and otherwise comply with the terms of this Scheme. The Options cancelled will be

regarded as utilised for the purpose of calculating the Scheme Mandate Limit and Service Provider Sublimit.

## **10. LAPSE OF OPTION**

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

- 10.1 subject to paragraph 10.2, the expiry of the Option Period in respect of such Options;
- 10.2 the expiry of any of the periods referred to in paragraphs 9.4.1 to 9.4.6;
- 10.3 the date of commencement of the winding up of the Company;
- 10.4 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 Options in breach of the rules of this Scheme;
- 10.5 the date on which any of the following events, unless otherwise waived by the Board, happens;
  - 10.5.1 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 Options;
  - 10.5.2 the Grantee (being a corporation) of such Option has ceased or suspended payment of its debts, becomes unable to pay its debts (within the meaning of Section 178 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any similar laws or regulations) or otherwise becomes insolvent;
  - 10.5.3 there is unsatisfied judgment, order or award outstanding against the Grantee of such Option;
  - 10.5.4 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 10.5.1, 10.5.2 and 10.5.3 above in respect of the Grantee of such Option;
  - 10.5.5 a bankruptcy order has been made against any director of the Grantee (being a corporation) of such Option in any jurisdiction; or
  - 10.5.6 a petition for bankruptcy has been presented against any director of the Grantee (being a corporation) of such Option in any jurisdiction;
- 10.6 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 Options pursuant to paragraph 7.12; or
- 10.7 the date on which the Board considers that the Grantee fails to meet any eligibility criteria set out by

the Board pursuant to paragraph 5.7, if the Board shall exercise the Company's right to cancel the Option pursuant to such paragraph.

## **11. REORGANISATION OF CAPITAL STRUCTURE**

11.1 In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or this Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue, 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:

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

- (a) the number or nominal amount of Shares to which this Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
- (b) the Subscription Price; and/or
- (c) the maximum number of Shares referred to in paragraph 6;

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

- (i) 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;
- (ii) 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;
- (iii) 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
- (iv) the issue of Shares as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and

11.1.2 the adjustment (other than an adjustment made in the event of a capitalisation issue) so made satisfy the requirements set out in sub-paragraphs (i), (ii), (iii) and (iv) of paragraph 11.1.1.

11.2 If there has been any alteration in the capital structure of the Company as a result of the circumstances mentioned in paragraph 11.1, the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 9.3, 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 in accordance with paragraph 11.1.

11.3 In giving any certificate under this paragraph 11, 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.

11.4 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.

## **12. SHARE CAPITAL**

The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorized share capital of the Company. Subject thereto, the Directors shall make available sufficient authorised but unissued share capital of the Company so as to allow the allotment of the Shares on the exercise of any Option.

## **13. DISPUTES**

Any dispute arising in connection with the Scheme (whether as to the number of Shares subject to an Option, the amount of Subscription Price or otherwise) shall be referred to the decision of the Auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

## **14. ALTERATION OF THIS SCHEME**

14.1 Subject to paragraphs 14.2 to 14.5, the Board may amend any of the provisions of this 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 this 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).

- 14.2 Any alterations to the terms and conditions of this 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 the Shareholders in general meeting.
- 14.3 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 this Scheme.
- 14.4 Any change to the authority of the Directors or the administrators of this Scheme to alter the terms of this Scheme must be approved by the Shareholders in general meeting.
- 14.5 The amended terms of this Scheme and/or any Options pursuant to this paragraph 14 must comply with the relevant requirements of Chapter 17 of the Listing Rules.

## **15. TERMINATION**

- 15.1 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 this Scheme and in such event no further Option will be offered but in all other respects the provisions of this 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 this Scheme and any Option granted but not yet exercised prior to such termination shall continue to be valid and exercisable in accordance with this Scheme.
- 15.2 Notwithstanding anything contained in this Scheme, 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 this 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 paragraphs 6.1 to 6.5. 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.

## **16. MISCELLANEOUS**

- 16.1 This Scheme shall not form part of any contract of employment or engagement between the Company or any Subsidiary and any Eligible Participant and the rights and obligations of any Eligible Participant under the terms of his office or employment or engagement shall not be affected by his participation in this Scheme or any right which he may have to participate in it and this Scheme shall afford such an Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office or employment or engagement for any reason.
- 16.2 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company or the Subsidiaries directly or indirectly or give rise to any cause of action at law or in equity against the Company or the Subsidiaries.
- 16.3 The Company shall bear the costs of establishing and administering this Scheme, including any costs of the Auditors or the financial adviser to the Company in relation to the preparation of any certificate by them or providing any other services in relation to this Scheme.
- 16.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to the Shareholders at the same time or within a reasonable time of any such notices or documents being sent to the Shareholders.
- 16.5 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong and, in the case of the Grantee being an individual, his address in Hong Kong as notified to the Company from time to time or, if none or incorrect or out of date, his last place of employment or engagement with the Company or the Subsidiaries, and in the case of the Grantee being a corporation, its registered office or its address as notified to the Company from time to time.
- 16.6 Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.
- 16.7 Any notice or other communication if sent to the Grantee shall be deemed to be given or made:
- 16.7.1 one day after the date of posting, if sent by mail; and
  - 16.7.2 when delivered, if delivered by hand.
- 16.8 A Grantee shall, before accepting an Offer or exercising his Option, obtain all necessary consents that

may be required to enable him to accept the Offer or to exercise the Option and the Company to allot and issue to him in accordance with the provisions of this Scheme the Shares falling to be allotted and issued upon the exercise of his Option. By accepting an Offer or exercising his Option, the Grantee thereof is deemed to have represented to the Company that he has obtained all such consents. Compliance with this paragraph shall be a condition precedent to an acceptance of an Offer by a Grantee and an exercise by a Grantee of his Options.

16.9 A Grantee shall pay all tax and discharge all other liabilities to which he may become subject as a result of his participation in this Scheme or the exercise of any Option.

16.10 By accepting an Offer, an Eligible Participant shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate him for loss of any rights under this Scheme.

16.11 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

This Scheme has been duly signed, sealed and delivered as a deed on the [ ]th day of [ ] 2024.

The Common Seal of )  
Tongguan Gold Group Limited )  
was hereunto affixed in the )  
presence of )  
and its directors )