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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) REFRESHMENT OF 10% GENERAL LIMIT ON GRANT OF  
OPTIONS UNDER THE SHARE OPTION SCHEME  
AND  
(4) NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the 2019 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, 17 May 2019 at 2:30 p.m. or any adjournment thereof is set out on pages 17 to 21 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 2019 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.

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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:*

“AGM”	2019 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, 17 May 2019 at 2:30 p.m. or any adjournment thereof
“Board”	board of Directors
“Bye-Laws”	bye-laws of the Company
“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 ordinary Shares of which are listed on the main board of the Stock Exchange
“core connected person(s)”	shall have the meaning as defined in the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	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”	2 April 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

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## DEFINITIONS

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“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Old Share Option Scheme”	the old share option scheme adopted by the Company on 26 June 2002 which was terminated on 25 May 2012
“PRC”	the People’s Republic of China
“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”	the maximum number of Shares which may be issued upon exercise of all options granted or to be granted under the Share Option Scheme shall not exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme or of the renewal of such limit
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	share option scheme adopted by the Company on 25 May 2012
“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
“subsidiary”	a subsidiary within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

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## DEFINITIONS

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“substantial shareholder”	has the same meaning ascribed to such term 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. FANG Yi Quan  
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. NGAI Sai Chuen  
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

8 April 2019

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED RE-ELECTION OF DIRECTORS,  
(2) GENERAL MANDATES  
TO ISSUE AND REPURCHASE SHARES,  
(3) REFRESHMENT OF 10% GENERAL LIMIT ON GRANT OF  
OPTIONS UNDER THE 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 (i) the re-election of Directors; (ii) the granting to the Directors of the Issue Mandate and the Repurchase Mandate; and (iii) the refreshment of Scheme Mandate Limit.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

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

Pursuant to Code Provision A.4.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 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 87(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, the number nearest to but not less than one-third) shall retire from office by rotation. Accordingly, Mr. Fang Yi Quan, Mr. Yeung Kwok Kuen and Mr. Shi Xing Zhi will retire by rotation at the AGM. Mr. Fang Yi Quan, Mr. Yeung Kwok Kuen and Mr. Shi Xing Zhi, being eligible, have offered themselves for re-election as Directors at the AGM.

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

### 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 27 April 2018 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.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the issued ordinary share capital of the Company was HK\$339,227,222.1 divided into 3,392,272,221 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 678,454,444 Shares and to repurchase a maximum of 339,227,222 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.

### **REFRESHMENT OF SCHEME MANDATE LIMIT**

Under the Share Option Scheme, adopted by the Company on 25 May 2012, and the applicable Listing Rules, the Board has the right to grant to the eligible participants options to subscribe for up to a maximum of 10% of the Shares in issue as at the date of adoption of the Share Option Scheme. The Company does not have any other share option scheme as at the Latest Practicable Date.

The current Scheme Mandate Limit is 284,227,222 Shares, representing 10% of the total number of Shares in issue as at the date of annual general meeting held on 27 April 2018 when the Scheme Mandate Limit was last refreshed (taking into account the share consolidation (as defined in the circular of the Company dated 29 March 2018) of every ten existing ordinary shares of HK\$0.01 each in the capital of the Company into one consolidated ordinary share of HK\$0.1, which became effective on 30 April 2018). From the date of adoption of the Old Share Option Scheme up to the Latest Practicable Date, there is no share option granted by the Company under the Old Share Option Scheme that remains outstanding as at the Latest Practicable Date. For the period from 27 April 2018 to the Latest Practicable Date, the Company has granted 50,000,000 share options carrying right to subscribe for 50,000,000 Shares under the Share Option Scheme which have not been exercised, cancelled or lapsed. As such, options carrying rights to subscribe for an aggregate of 234,227,222 Shares may be granted under the current Scheme Mandate Limit. Since the Directors are considering to grant further options under the Share Option Scheme to qualified participants thereunder to provide more incentives to, and recognise the contributions of, the employees of the Company and of its subsidiaries, the Directors consider that the Company should refresh the Scheme Mandate Limit in accordance with the Share Option Scheme so that the Company has greater flexibility in so doing.

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## LETTER FROM THE BOARD

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The proposed refreshment of the Scheme Mandate Limit will be conditional upon:

- (a) the approval of the Shareholders at the AGM; and
- (b) the Stock Exchange granting the listing of, and the permission to deal in, such number of Shares representing 10% of the Shares in issue as at the date of passing of the relevant resolution at the AGM, which may fall to be allotted and issued pursuant to the exercise of options granted under the renewed Scheme Mandate Limit.

On the basis of 3,392,272,221 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued or repurchased by the Company prior to the date of the AGM, the Company will be entitled to grant further options under the Share Option Scheme and other share option schemes of the Company carrying rights to subscribe for up to 339,227,222 Shares. Since the adoption of the Share Option Scheme up to and including the Latest Practicable Date, options carrying right to subscribe for up to 50,000,000 Shares, representing approximately 1.47% of the total issued ordinary share capital of the Company as at the Latest Practicable Date, remained outstanding.

An ordinary resolution will therefore be proposed to the Shareholders at the AGM to refresh the Scheme Mandate Limit so as to allow the Directors to grant share options entitling holders thereof to subscribe for up to 10% of the issued ordinary share capital of the Company as at the date of passing of the relevant resolution at the AGM.

The number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and all other share option schemes of the Company must not, in aggregate, exceed 30% of the issued ordinary share capital of the Company from time to time. The Directors consider that the refreshment of the Scheme Mandate Limit is in the interests of the Company and the Shareholders as a whole.

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 upon the exercise of the options to be granted under the aforesaid refreshed limit of the Share Option Scheme.

### **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, 17 May 2019 at 2:30 p.m. for the purpose of considering and if thought fit, approving the resolutions to, among others, adopt the proposals for re-election of Directors, grant of the Issue Mandate and the Repurchase Mandate and the refreshment of the Scheme Mandate Limit as set out in the notice of the AGM on pages 17 to 21 of this circular.

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## LETTER FROM THE BOARD

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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.

### VOTING AT THE ANNUAL GENERAL MEETING

Pursuant to Rule 13.39 of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. Therefore the chairman of the meeting will demand a poll on each of the resolutions put to vote at the AGM.

### 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 proposed re-election of Directors, grant of the Issue Mandate and the Repurchase Mandate and the refreshment of the Scheme Mandate Limit 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.

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. FANG YI QUAN — EXECUTIVE DIRECTOR

**Mr. Fang Yi Quan** (“Mr. Fang”), aged 69, was appointed as an executive director of the Company on 23 November 2011. Mr. Fang is also a director of several subsidiaries of the Company.

Mr. Fang was graduated from Fujian Medical University in September 1974 and is a senior economist. Mr. Fang joined the PRC Communist Party in 1970 and was promoted as a military officer (軍官) to the Communist Party in the same year. Mr. Fang participated in People’s Liberation Army from February 1968 to October 1999 and was honoured with Second Class (二等功) and Third Class (三等功) awards by the government of People’s Republic of China. Mr. Fang has over 30 years of experience in management and his management effort has been recognised by the Chinese government over the years. During his service with the People’s Liberation Army, Mr. Fang worked in Fujian Mingqing Pharmaceutical Factory (福建閩清製藥廠) of the People’s Liberation Army as factory director, Party Secretary (黨委書記) and legal representative (法人代表). During his service, Fujian Mingqing Pharmaceutical Factory has received a number of awards from the People’s Liberation Army General Logistic Department and Nanjun Military Region. From October 1999 to June 2011, Mr. Fang has been working for Fujian Jingxie Group Company (福建經協集團公司) as its group chairman, general manager and Party Secretary (黨委書記). In 1996, Mr. Fang was awarded the rank of senior colonel by the Central Military Commission.

Pursuant to a letter of appointment dated 23 November 2011, the renewal service contracts dated 18 November 2013, 20 November 2015, 1 November 2016, 26 October 2017 and 22 November 2018 and the supplemental letters dated 26 August 2013 and 30 May 2014 entered into between the Company and Mr. Fang, (i) the appointment of Mr. Fang is for a term of one year and his appointment is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-Laws; (ii) Mr. Fang shall be entitled to an annual remuneration of HK\$720,000; and (iii) Mr. Fang shall also be entitled to a discretionary bonus, share options under the share option scheme of the Company and other incentives as determined by the remuneration committee of the Company from time to time with reference to the remuneration policy of the Company. Mr. Fang’s remuneration was fixed with reference to the Company’s remuneration policy, with regard to his duties and responsibilities and the prevailing market condition.

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

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

As at the Latest Practicable Date and pursuant to Part XV of the SFO, Mr. Fang is beneficially interested in 3,000,000 underlying shares in respect of the share options granted by the Company pursuant to the Share Option Scheme, representing approximately 0.09% of the issued ordinary share capital of the Company as at the Latest Practicable Date. Save as disclosed herein, as at the Latest Practicable Date, Mr. Fang does not have any other interest in Shares within the meaning of Part XV of the SFO.

## **2. MR. YEUNG KWOK KUEN — EXECUTIVE DIRECTOR**

**Mr. Yeung Kwok Kuen** (“Mr. Yeung”), aged 46, was appointed as an executive director of the Company on 1 December 2014. Mr. Yeung is also the chief financial officer of the Company and a director of several subsidiaries of the Company.

Mr. Yeung graduated from The Chinese University of Hong Kong with a bachelor degree in Professional Accountancy and obtained a master degree in Corporate Finance from The Hong Kong Polytechnic University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Mr. Yeung has over 20 years of experience in handling accounting and finance matters. Mr. Yeung, was previously an executive director of the Company for the period from 17 January 2007 to 28 February 2014, and also held the position as the qualified accountant and chief financial officer of the Company during that period. From 2004 to 2006, Mr. Yeung was the chief financial officer of a trading and manufacturing group and prior to this, Mr. Yeung was the manager of an international accounting firm.

Pursuant to a letter of appointment dated 27 November 2014 and the supplemental letters dated 30 March 2016 and 23 April 2018 entered into between the Company and Mr. Yeung, (i) the appointment of Mr. Yeung as an executive director and the chief financial officer of the Company has no fixed term and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-Laws; (ii) Mr. Yeung shall be entitled to an annual remuneration of HK\$1,200,000; and (iii) Mr. Yeung shall also be entitled to a discretionary bonus, share options under the share option scheme of the Company

and other incentives as determined by the remuneration committee of the Company from time to time with reference to the remuneration policy of the Company. Mr. Yeung's remuneration was fixed with reference to the Company's remuneration policy, with regards to his duties and responsibility and the prevailing market condition.

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

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

As at the Latest Practicable Date and pursuant to Part XV of the SFO, Mr. Yeung is beneficially interested in 10,000,000 underlying shares in respect of the share options granted by the Company pursuant to the Share Option Scheme, representing approximately 0.29% of the issued ordinary share capital of the Company as at the Latest Practicable Date. Save as disclosed herein, as at the Latest Practicable Date, Mr. Yeung does not have any other interest in Shares within the meaning of Part XV of the SFO.

### **3. MR. SHI XING ZHI — EXECUTIVE DIRECTOR**

**Mr. Shi Xing Zhi** (“Mr. Shi”), aged 63, was appointed as an executive director of the Company on 21 February 2017. Mr Shi is also a senior technical consultant of a subsidiary of the Company.

Mr. Shi graduated from the Chang An University (長安大學) in 1979. Mr. Shi is a senior geological engineer certified by the State Land and Resources Bureau. From 1980 to 2004, Mr. Shi has held various positions including geological technician, project team leader, project manager, deputy manager of technical department, head engineer, in Shaanxi Province and Guangzhou, the People's Republic of China. From 2005 to 2015, Mr. Shi held various positions at an exploration company in Shaanxi Province including the deputy manager and deputy general manager (technical). From June 2015 to September 2016, Mr. Shi was the head geological engineer of a gold mining company in Gansu Province. Immediately before his appointment as executive director of the Company, Mr. Shi was the senior technical consultant of Tongguan County Xiangshun Mining Development Co., Ltd. (潼關縣祥順礦業發展有限公司), a company which became a subsidiary of the Company since 27 January 2017.

Pursuant to a letter of appointment dated 21 February 2017 entered into between the Company and Mr. Shi, (i) the appointment of Mr. Shi as an executive director of the Company has no fixed term and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-Laws; (ii) Mr. Shi shall be entitled to an annual remuneration of HK\$240,000; and (iii) Mr. Shi shall also be entitled to a discretionary bonus, share options under the share option scheme of the Company and other incentives as determined by the remuneration committee of the Company from time to time with reference to the remuneration policy of the Company. Mr. Shi's remuneration was fixed with reference to the Company's remuneration policy, with regard to his duties and responsibilities and the prevailing market condition.

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

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

As at the Latest Practicable Date and pursuant to Part XV of the SFO, Mr. Shi is beneficially interested in 12,000,000 underlying shares in respect of the share options granted by the Company pursuant to the Share Option Scheme, representing approximately 0.35% of the issued ordinary share capital of the Company as at the Latest Practicable Date. Save as disclosed herein, as at the Latest Practicable Date, Mr. Shi does not have any other 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\$339,227,222.1 divided into 3,392,272,221 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 339,227,222 Shares, representing 10% of the issued ordinary share capital of the Company, 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 2018, 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 ordinary share capital of the Company as at the Latest Practicable Date	Approximate percentage to the issued ordinary share capital of the Company if the Repurchase Mandate is exercised in full
	Personal interests	Corporate interests	Total		
Interests in the Shares					
Ho Ping Tanya	330,000,000	—	330,000,000	9.73%	10.81%
Huang Aidong	—	508,334,000 (Note 1)	508,334,000	14.99%	16.65%
Hu Jianzhong	—	470,000,000 (Note 2)	470,000,000	13.86%	15.39%
Lin Eddie Chang	—	330,000,000 (Note 3)	330,000,000	9.73%	10.81%
Lin Yuhua	—	185,250,000 (Note 4)	185,250,000	5.46%	6.07%

*Notes:*

1. These ordinary shares are held by Profit Linkage Enterprises Limited which is 100% beneficially owned by Ms. Huang Aidong. Pursuant to a sale and purchase agreement dated 4 December 2018 entered into between Combined Success Investments Limited, a wholly-owned subsidiary of the Company, Harvest Master Limited, Profit Linkage Enterprises Limited, Mr. Choi Kwok Fung Arthur and Ms. Huang Aidong, in relation to the acquisition of 100% of the total issued share capital of Max Paramount Holdings Limited and Best Income Limited, the Company would issue 508,334,000 ordinary shares of the Company to Profit Linkage Enterprises Limited. 508,334,000 ordinary shares were allotted and issued to Profit Linkage Enterprises Limited on 20 December 2018.
2. These ordinary shares are held by Golden Blossom Investment Limited which is 100% beneficially owned by Mr. Hu Jianzhong.
3. These ordinary shares are held by Fung Wai Enterprises Ltd. which is 100% beneficially owned by Mr. Lin Eddie Chang.
4. These ordinary shares are held by Supreme Success Group Limited which is 100% beneficially owned by Ms. Lin Yuhua.

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 share capital of the Company.

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>2018</b>		
April	0.95	0.81
May	0.85	0.77
June	0.86	0.74
July	0.77	0.57
August	0.75	0.62
September	0.73	0.57
October	0.62	0.355
November	0.54	0.41
December	0.71	0.405

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2019</b>		
January	0.62	0.37
February	0.65	0.51
March	0.61	0.48
April (up to the Latest Practicable Date)	0.54	0.47

**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 have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate to repurchase Shares in accordance with the Listing Rules and applicable laws of Hong Kong and Bermuda.

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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 Resources Group Limited (the “Company”) will be held at Room 1306, 13/F., Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong on Friday, 17 May 2019 at 2:30 p.m. for the following purposes:

### 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 2018.
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 BDO 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** subject to and conditional upon (a) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the ordinary shares of HK\$0.1 each (“Share”) in the ordinary share capital of the Company (representing a maximum of 10% of the ordinary shares of the Company in issue as at the date of passing of this resolution) which may be issued pursuant to the exercise of options granted under the share option scheme adopted by the Company on 25 May 2012 (the “Share Option Scheme”), the 10% limit on grant of options under the Share Option Scheme be and is hereby refreshed provided that the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed hereby shall not exceed 10% of the total number of issued Shares as at the date of passing of this resolution (the “Refreshed Mandate Limit”); and any director of the Company be and is hereby authorised to do such act and execute such document to effect the Refreshed Mandate Limit as he deems fit.”

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

Hong Kong, 8 April 2019

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## NOTICE OF ANNUAL GENERAL MEETING

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*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*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 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 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 8 April 2019.
5. The register of members of the Company will be closed from Tuesday, 14 May 2019 to Friday, 17 May 2019, 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 Friday, 10 May 2019.
6. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect 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. Fang Yi Quan, Mr. Yeung Kwok Kuen, Mr. Shi Xing Zhi and Mr. Shi Sheng Li as executive directors and Mr. Chu Kang Nam, Mr. Ngai Sai Chuen, Mr. Liang Xu Shu and Mr. Leung Ka Wo as independent non-executive directors.*