

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your 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 Taung Gold International Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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TAUNG GOLD | **TAUNG GOLD INTERNATIONAL LIMITED**
壇金礦業有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 621)

**(1) PROPOSED ADOPTION OF SHARE OPTION SCHEME; AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular unless otherwise stated.

A notice convening the SGM to be held at Unit 1901, 19/F., Nina Tower, 8 Yeung Uk Road, Tsuen Wan, Hong Kong on 28 August 2020, at 3:30 p.m. (or immediately after the conclusion or adjournment of the annual general meeting of the Company to be held at 3:00 p.m. on the same day) is set out on pages 20 to 22 of this circular. A form of proxy for use at the SGM is also enclosed.

Whether or not you are able to attend the SGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE SGM

Please refer to the notice of the SGM for measures being taken to prevent and control the spread of the Novel Coronavirus ("COVID-19") at the SGM, including:

- compulsory body temperature checks and health declarations
- wearing of facial surgical mask for each attendee
- no provision of corporate gift or refreshment

Due to the constantly evolving COVID-19 pandemic situation, the Company may be required to change the SGM arrangements at short notice. Shareholders are advised to check the website of the Stock Exchange and the Company's website for future announcements and updates on the SGM arrangements.

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DEFINITIONS

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

“Adoption Date”	the date on which the Share Option Scheme becomes unconditional
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of directors of the Company (and, in relation to the Share Option Scheme, includes any committee or delegate of the Board appointed by the Board to perform any of its function)
“Business Day”	any day on which the Stock Exchange is open for business of dealing in securities
“Bye-law(s)”	the bye-laws of the Company, as amended from time to time, and “Bye-law” construes any bye-law thereof
“Close Associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Taung Gold International Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules
“Contract”	in relation to an employee or a director, his/her contract of employment or service contract or terms of employment with his/her Employer (as amended from time to time), whether or not such contract is written or oral and comprised in one or more documents
“Controlling Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Core Connected Person”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company, and in relation to the Share Option Scheme, the director(s) of any Eligible Entity, including executive and non-executive director(s)

DEFINITIONS

“Eligible Entity”	the Company and any of their respective subsidiaries (as defined in the Companies Ordinance), and any entity (including associated company) in which the Company or any of their respective subsidiaries holds any equity interest
“Employer”	in relation to a Participant, the Eligible Entity which employs or has appointed him/her under his/her Contract
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region
“Independent Non-Executive Director”	in relation to any company, a person who from time to time is an independent non-executive director of that company within the meaning of the Listing Rules
“Latest Practicable Date”	10 August 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Date”	in relation to an Option, the date (which must be a Business Day) on which a Participant is offered such Option
“Option(s)”	as the context may require, in relation to the Share Option Scheme, a right granted under the Share Option Scheme to subscribe for Shares in accordance with the Share Option Scheme
“Option-holder”	a person holding an Option (and, where relevant, includes his/her personal representatives)
“Option Period”	in relation to an Option, the period, which is notified by the Board when making an offer to a Participant, during which the Option may be exercised, such period must not exceed the period of 10 years from the Offer Date of such Option

DEFINITIONS

“Option Price”	in respect of any Option granted under the Share Option Scheme, the subscription price for each Share payable by the Option-holder on exercise of the Option as determined by the Board and notified to an Option-holder in accordance with the Rules
“Other Scheme(s)”	any other share option scheme(s) involving the grant by the Company or any of its subsidiaries of options over new securities issued by the Company or any of its subsidiaries established by the Company or any of its subsidiaries in accordance with Chapter 17 of the Listing Rules or any other share option scheme(s) which is determined by the Stock Exchange to be analogous to a share option scheme as described in Chapter 17 of the Listing Rules (including the Previous Share Option Scheme)
“Participant”	any person who is (or will be on and following the Offer Date) an employee (whether full time or part time) holding salaried office or employment under a Contract with an Eligible Entity or is a Director (including executive and non-executive directors) of an Eligible Entity or any adviser, consultant, agent, contractor, customer and supplier of any member of the Group or any Eligible Entity whom the Board in its sole discretion considers eligible for the Share Option Scheme on the basis of his or her contribution to the Group
“Previous Share Option Scheme”	the share option scheme adopted by the Company on 4 January 2010
“Rules”	the rules of the Share Option Scheme
“SGM”	the special general meeting of the Company to be held on 28 August 2020 for the purpose of considering and, if thought fit, approving the Share Option Scheme
“Share Option Scheme”	the share option scheme proposed to be adopted by the Shareholders at the SGM
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

TAUNG GOLD | **TAUNG GOLD INTERNATIONAL LIMITED**
壇金礦業有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 621)

Executive Directors:

Mr. Christiaan Rudolph de Wet de Bruin (*Co-chairman*)
Ms. Cheung Pak Sum (*Co-chairman*)
Mr. Neil Andrew Herrick (*Chief Executive Officer*)
Mr. Phen Chun Shing Vincent

Registered Office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 12
Bermuda

Independent non-executive Directors:

Mr. Chong Man Hung Jeffrey
Mr. Li Kam Chung
Mr. Tsui Pang

Head Office and Principal Place of

Business in Hong Kong:
Unit 1901, 19/F Nina Tower
8 Yeung Uk Road
Tsuen Wan
New Territories
Hong Kong

13 August 2020

To the Shareholders

Dear Sir/ Madam,

**(1) PROPOSED ADOPTION OF SHARE OPTION SCHEME; AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with further information regarding, among other things, the details of the Share Option Scheme and the notice convening the SGM.

PROPOSED ADOPTION OF THE SHARE OPTION SCHEME

The Previous Share Option Scheme expired on 3 January 2020. In order to continue to enable the Company to grant options to Participants as incentives or rewards to recognise and acknowledge their contributions to the Group, an ordinary resolution will be proposed at the SGM for the approval of the adoption of the Share Option Scheme with effect from the Adoption Date.

* For identification purpose only

LETTER FROM THE BOARD

The Previous Share Option Scheme

The Previous Share Option Scheme was adopted by the Company with effect from 4 January 2010 and its mandate limit was refreshed on 21 November 2014. The Company confirm that there is no other share option scheme currently in force. Under the Previous Share Option Scheme, 402,385,529 options were granted to the eligible participants, among which 33,084,800 were exercised and 369,300,729 lapsed or cancelled as at the Latest Practicable Date. The Company confirm that there are no outstanding share options as at the Latest Practicable Date. The Previous Share Option Scheme expired on 3 January 2020. As such, no further options will be offered or granted under Previous Share Option Scheme.

The Share Option Scheme

The purpose of the Share Option Scheme is to provide the Company with the flexibility to continue to grant Options to the Participants as incentives or rewards to recognise and acknowledge their contributions to the Group. Under the Share Option Scheme, the Board may offer to grant Option(s) to any Participant(s) as it may in its discretion determine from time to time and specify the terms and conditions in respect of any Option that may be granted, including without limitation, the minimum holding period, the performance targets and the relevant exercise price. The Directors consider that such authority will provide the Board with the flexibility to grant Options on a case-by-case basis, and that the Share Option Scheme will provide the Participants with an opportunity to have a personal stake in the Company with the view to: (i) motivating the Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attracting, retaining or otherwise maintaining an on-going business relationship with the Participants whose contributions are or will be beneficial to the long-term growth of the Group.

In determining the basis of eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate. The Directors will assess the eligibility of the Participant, particularly the employees and Directors of the Group, based on their individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, or where appropriate, contribution to the revenue, profits or business development of the Group during the financial year or in the future. The eligibility of those external parties other than employees and Directors of the Group will be determined by the Board considering the potential and/or actual contribution of these individual parties to the operation and business of the Group.

Accordingly, the Directors believe that the adoption of the Share Option Scheme is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Save for the necessary modifications and/or amendments to reflect the current provisions of the Listing Rules, there is no material difference between the rules of the Previous Share Option Scheme and the rules of the Share Option Scheme.

A summary of the principal terms of the Share Option Scheme is set out in Appendix I to this circular. A copy of the rules of the Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at Unit 1901, 19/F, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong during normal business hours from 13 August 2020 up to and including the date of the SGM.

None of the Directors is a trustee of the Share Option Scheme or has a direct or indirect interest in the trustee of the Share Option Scheme (if any). The rules of the Share Option Scheme are in compliance with the requirements under Chapter 17 of the Listing Rules.

Conditions precedent to the Share Option Scheme

The adoption of the Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the SGM to (i) approve and adopt the Share Option Scheme; and (ii) authorise the Board to grant the Options and to allot, issue and deal with the Shares which may fall to be issued pursuant to the exercise of the Options; and
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, any Shares which may fall to be issued pursuant to the exercise of the Options.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder had any material interest in the adoption of the Share Option Scheme and accordingly, no Shareholder is required to abstain from voting on the resolution approving the adoption of the Share Option Scheme at the SGM.

Scheme limit

As at the Latest Practicable Date, there were a total of 18,151,471,981 Shares in issue. Subject to the passing of the resolution approving the adoption of the Share Option Scheme at the SGM, and assuming no further Shares will be issued or repurchased on or prior to the date of the SGM, the maximum number of Shares that may fall to be allotted and issued under the Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 1,815,147,198 Shares, representing 10% of the aggregate number of Shares in issue as at the date of the SGM.

LETTER FROM THE BOARD

Value of the Options

The Directors consider it inappropriate to state the value of all the Options that can be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date given that such valuation will have to be made based on various assumptions, including without limitation, the relevant exercise price, option period, interest rate, performance targets, expected volatility and other conditions that the Board may impose with respect to the Options. The Directors believe that any valuation of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

Application for listing

Application has been made to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the Options granted under the Share Option Scheme.

SPECIAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the SGM is set out on pages 20 to 22 of this circular. A form of proxy for use at the SGM is also enclosed with this circular. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority, at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof should you so wish.

VOTE BY POLL

Under Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, all the resolutions put to the vote at the SGM will be taken by way of poll.

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 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.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the adoption of the Share Option Scheme is in the interests of the Company, the Group and Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

GENERAL INFORMATION

Your attention is also drawn to the additional information as set out in Appendix I.

Yours faithfully,

By order of the Board

TAUNG GOLD INTERNATIONAL LIMITED

Cheung Pak Sum

Christiaan Rudolph

de Wet de Bruin

Co-chairmen

The following is a summary of the principal terms of the Share Option Scheme proposed to be approved at the SGM:

1. PURPOSE

The purpose of the Share Option Scheme is to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and/or providing benefits to Participants.

2. WHO MAY JOIN

To determine the eligibility of the Participant, the Board may offer to grant an Option to any Participant who has contribution to the Group to subscribe for such number of Shares at the Option Price calculated according to paragraph 5 below, subject always to any limits and restrictions specified in the Rules.

3. PAYMENT ON ACCEPTANCE OF OPTION OFFER

A Participant shall pay the Company HK\$1.00 for the grant of an Option on acceptance of an Option offer within 21 days after the Offer Date.

4. TERMS OF OPTIONS

Options granted under the Share Option Scheme are subject to such terms and conditions as may be determined by the Board at its absolute discretion and specified in the offer of an Option, which terms and conditions may include:

- (i) vesting conditions (if any) which must be satisfied before an Option-holder's Option shall become vested and capable of being exercised;
- (ii) the Board may, at its absolute discretion, specify performance conditions that must be achieved before an Option can be exercised and/or the minimum period for which an Option must be held before it can be exercised; and
- (iii) such other provisions as the Board may determine.

These provisions will give the Board flexibility to impose conditions suitable for fulfilling the various purposes of the Share Option Scheme. Apart from this general discretion of the Board, the Rules do not contain specific provisions on the minimum period during which an Option must be held before exercise or on performance targets applicable to Options.

Under the Share Option Scheme, the Directors have discretion to set a minimum period for which an option has to be held before the exercise of the subscription rights attaching thereto. This discretion allows the Directors to provide incentive to eligible Participants to remain as eligible Participants and thereby enable the Group to continue to benefit from the services and contributions of the eligible Participants. This discretion, coupled with the power of the Directors to impose any performance target or other restrictions as they consider appropriate before the Option can be exercised, enable the Group to provide incentives to the Participants to use their best endeavours in assisting the growth and development of the Group. Although the Share Option Scheme does not provide for the granting of Options with rights to subscribe for Shares at a discount to the traded prices of the Shares on the Stock Exchange, the Directors are of the view that the flexibility given to the Directors in granting Options to Participants and to impose minimum period for which the Options can be exercised, will place the Group in a better position to attract human resources that are valuable to the growth and development of the Group as a whole.

5. OPTION PRICE

The Option Price will be determined by the Board at its absolute discretion and notified to an Option-holder. The minimum Option Price shall not be less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Offer Date; and
- (iii) the nominal value of the Shares.

6. MAXIMUM NUMBER OF SHARES SUBJECT TO THE SHARE OPTION SCHEME

- 6.1 Subject to the limits referred to in paragraphs 6.2, 6.3 and 6.4, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any options to be granted under any Other Scheme must not in aggregate exceed 10% of the aggregate of the Shares in issue as at the Adoption Date.

Options lapsed in accordance with the terms of the Share Option Scheme and any Other Scheme will not be counted for the purpose of calculating the 10% limit in this paragraph 6.1.

- 6.2 With the approval of the Shareholders in general meeting, the Board may “refresh” the 10% limit under paragraph 6.1 (and may further refresh such limit in accordance with this paragraph) 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 Scheme under the limit as “refreshed” shall not exceed 10% of the Shares in issue as at the date on which the Shareholders approve the “refreshed” limit.

Options previously granted under the Share Option Scheme and Option granted under any Other Schemes (including those outstanding, cancelled and lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”.

- 6.3 Subject to the limits referred to in paragraphs 6.4, 7 and 23 below, the Board may, with the approval of the Shareholders, grant Options in excess of the 10% limit to Participant(s) specifically identified before Shareholders’ approval is sought. In such situation, the Company will send a circular to the Shareholders containing a generic description of the specified Participants who may be granted such Options, the number and terms of such Options to be granted and the purpose of granting such Options to the specified Participants with an explanation of how the terms of the Options will serve the purpose.
- 6.4 The total number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and all outstanding options granted and yet to be exercised under any Other Scheme shall not exceed 30% of the Shares in issue from time to time. No Options may be granted under the Share Option Scheme and no options may be granted under any Other Schemes if this will result in the limit being exceeded.

7. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

Subject always to the limits referred to in paragraphs 6 above and 23 below, the Board shall not grant any Options to any Participant which, if exercised, would result in such Participant becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all Options granted to him (including those Options exercised or outstanding) in any 12-month period exceed 1% of the Shares in issue at such date.

The Board may grant Options to any Participant in excess of the individual limit of 1% in any 12-month period with the approval of the Shareholders in general meeting (with such Participant and his Close Associates (or his associates if the Participant is a Connected Person) abstaining from voting). In such situation, the Company will send a circular to the Shareholders and the circular must disclose the identity of the Participant, the number and terms of the Options to be granted (and previously granted to such Participant).

8. TIME OF EXERCISE OF OPTIONS

Subject to the provisions in paragraphs 10 to 15 below, an Option under the Share Option Scheme which is vested and has not lapsed may be exercised at any time during such period notified by the Board as not exceeding 10 years from the Offer Date. The exercise of Options may also be subject to any conditions imposed by the Board at the time of offer (see paragraph 4 above).

9. NON-TRANSFERABILITY OF OPTIONS

Except for the transmission of an Option on the death of an Option-holder to his/her personal representatives, neither the Option nor any rights in respect of it may be transferred, assigned or otherwise disposed of by any Option-holder to any other person. If an Option-holder transfers, assigns or disposes of any such Option or rights, whether voluntarily or involuntarily, then the relevant Option will immediately lapse.

10. RIGHTS ON CEASING EMPLOYMENT

If an Option-holder ceases to be a Participant as a result of the cessation of his employment for any reason other than his death or the termination of his employment on certain grounds specified in the Rules and this paragraph 10, then the Option-holder may exercise any vested Option at the date of cessation of his employment within the period of one month following the date of such cessation or such other period as the Board may determine. The Board shall have the discretion to decide whether any unvested Option can be exercised by such Option-holder and the time period within which such unvested Option must be exercised. All Options not exercised shall lapse upon the expiry of the one-month period or such other period as the Board may determine.

If an Option-holder ceases to be a Participant by reason of the termination of his employment on one or more grounds of misconduct or conviction of a criminal offence involving dishonesty, all Options not exercised shall lapse automatically on the date which the Option-holder ceases to be a Participant.

11. RIGHTS ON DEATH

If an Option-holder ceases to be a Participant by reason of death and none of the events which would be a ground for termination of his employment specified in the Rules and paragraph 10 above has occurred, the legal personal representative(s) of the Option-holder may exercise any vested Option within a period of 12 months from the date of death or such other period as the Board may determine. The Board shall have the discretion to decide whether any unvested Option can be exercised by the legal personal representative(s) of such Option-holder and the time period for exercise. All Options not exercised shall lapse upon the expiry of the 12-month period or such other period as the Board may determine.

12. RIGHTS ON A GENERAL OFFER

If more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror, any company controlled by the offeror or any person associated with or acting in concert with the offeror, the Board will notify every Option-holder of such event within 14 days of becoming so aware (or as soon as practicable). Each Option-holder will be entitled to exercise his vested Options during the 6-month period starting on the later of:

- (i) the date of the Board's notification to the Option-holders; and
- (ii) the date on which the person making the offer obtains control of the Company.

The Options will only lapse on expiry of this 6-month period if the Board gives notice to the Option-holder before the end of the period specifying that the Options will lapse.

13. RIGHTS ON WINDING UP

In the event that a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to each Option-holder and thereupon, every Option-holder shall be entitled to exercise his/her Option (if not already exercised) to its full extent or to the extent specified (such exercise to occur not later than two Business Days prior to the proposed Shareholders' meeting referred to above) by 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, accompanied by a remittance for the full amount of the Option Price for the Shares in respect of which the notice is given, and the Company shall, as soon as possible and, in any event, no later than the day immediately prior to the date of the proposed Shareholders' meeting, allot such number of Shares to the Option-holder which fall to be issued pursuant to the exercise of the Option. The Company shall give notice to the Option-holder of the passing of such resolution within seven days after the passing thereof.

14. REORGANISATION OF CAPITAL STRUCTURE

In the event of a capitalisation of profits or reserves, rights issues of Shares, consolidation or subdivision of Shares, or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements (other than an issue of any share capital as consideration in respect of a transaction), such corresponding adjustments (if any) shall be made to:

- (i) the number of Shares, the subject matter of the Option (insofar as it is unexercised); and/or
- (ii) the price at which the Options are exercisable.

Any such adjustment shall be made on the basis that:

- (i) the proportion of the issued share capital of the Company to which an Option-holder is entitled after such adjustment shall remain the same as that to which he was entitled before such adjustment;
- (ii) it will not enable any Share to be issued at less than its nominal value (if any), or to increase the proportion of the issued share capital of the Company for which any Option-holder would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustments; and
- (iii) the auditors of the Company or independent financial adviser selected by the Board (as appropriate) must confirm to the Board in writing that the adjustment satisfies the requirements of the note to Rule 17.03 (13) of the Listing Rules, except where such adjustment is made on a capitalisation issue.

15. LAPSE OF OPTIONS

An Option will lapse on the earliest of:

- (i) the expiry of the Option Period; or
- (ii) the expiry of any of the other periods referred to in paragraphs 10, 11, 12 and 13 above; or
- (iii) the expiry of 3 months following a court order sanctioning a compromise or arrangement in relation to the reconstruction of the Company or its amalgamation with another company or companies.

16. RANKING OF SHARES

No dividends will be payable and no voting rights will be exercisable in relation to an Option that has not been exercised. Shares issued on the exercise of an Option will rank equally in all respects with the Shares in issue on the date of allotment. They will not rank for any rights (which include, among other things, voting rights and dividend rights) attaching to Shares by reference to a date preceding the date of allotment. The Shares subject to the Share Option Scheme are not required to be separately designated.

17. CANCELLATION OF OPTIONS

Notwithstanding any other provision in the Share Option Scheme (except for the provisions in paragraph 18 below), the Board may cancel any Option (which has been granted but not yet exercised). Unless the Option-holder otherwise agrees, the Board may only cancel such Option if, at the election of the Board:

- (i) the Company pays to the Option-holder an amount equal to the fair market value of the Option at the date of cancellation as determined by the Board, after consultation with the auditors or an independent financial adviser appointed by the Board; or
- (ii) the Board offers to grant to the Option-holder replacement Options (or options under any Other Scheme) of equivalent value to the Options to be cancelled, provided that the grant of such replacement Options (or options under any Other Scheme) shall not cause the limits set out in paragraphs 6, 7 above and 23 below to be breached; or
- (iii) the Board makes such arrangements as the Option-holder may agree to compensate him for the loss of the Option.

18. AMENDMENTS TO THE SHARE OPTION SCHEME AND TERMS OF OPTIONS

Subject to the provisions of this paragraph 18, the Board may amend any of the provisions of the Share Option Scheme and the terms of any Options (including amendments in order to comply with changes in legal or regulatory requirements) at any time (but not so as to affect adversely any rights which have accrued to any Option-holders at that date) and provided that amendments which are to the advantage of present or future Option-holders and which relate to matters contained in Rule 17.03 of the Listing Rules are approved by the Shareholders in general meeting.

Any amendment to the Rules which is of a material nature or any amendment to the terms and conditions of the Options granted may only be made with the approval of the Shareholders save where the amendments take effect automatically under the Rules. The amended terms of the Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

Any change to the authority of the Board in relation to any amendment of the Rules may only be made with the approval of the Shareholders in general meeting.

19. TERMINATION OF THE SHARE OPTION SCHEME

The Company, by ordinary resolution in general meeting, or the Board may terminate the Share Option Scheme at any time and in such event no further Options shall be granted under the Share Option Scheme but any Options which have been granted but not yet exercised shall continue to be valid and exercisable in accordance with the Rules.

20. PERIOD OF THE SHARE OPTION SCHEME

Subject to the Board exercising its right under the Rules to terminate the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options will be granted. The provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior to the expiry of the 10-year period and which are at that time or become thereafter capable of exercise under the Rules, or otherwise to the extent as may be required in accordance with the provisions of the Share Option Scheme.

21. CONDITIONS

The Share Option Scheme will be conditional on:

- (i) the passing of an ordinary resolution to adopt the Share Option Scheme by the Shareholders; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, any Shares which may fall to be issued pursuant to the exercise of the Options in accordance with the terms of the Share Option Scheme.

22. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

The Company may not grant any Options after inside information has come to its knowledge until it has announced the information. In particular, it may not grant any Option during the period commencing one month immediately before the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. No Option may be granted during any period of delay in publishing a results announcement.

23. RESTRICTIONS ON GRANT OF OPTIONS TO DIRECTORS, CHIEF EXECUTIVES OR SUBSTANTIAL SHAREHOLDERS ETC.

Each grant of Options to a Participant who is a Director, chief executive or Substantial Shareholder of the Company, or any of their respective associates, under the Share Option Scheme must be approved by the Independent Non-Executive Directors of the Company (excluding any Independent Non-Executive Director who is the proposed Option-holder of the Options).

Where any grant of Options to a Substantial Shareholder or an Independent Non-Executive Director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted under the Share Option Scheme (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of Options by the Board must be approved by the Shareholders in general meeting (the vote on such approval to be taken on a poll). The grantee, his associates and all Core Connected Persons of the Company must abstain from voting in favour of the resolution to approve such further grant of Options except that such Core Connected Person of the Company may vote against the resolution provided that their intention to do so has been stated in the circular. The Company will send a circular to the Shareholders containing the information required under the Listing Rules.

A Shareholders' circular must be prepared by the Company explaining the proposed grant, disclosing the number and terms (including the exercise price) of the Options to be granted and containing the recommendation from the Independent Non-Executive Directors (excluding any Independent Non-Executive Director who is the proposed Option-holder of the Option) as to voting and any other information as required under the Listing Rules.

Any change in the terms of Options granted to Substantial Shareholders or Independent Non-Executive Directors or any of their respective associates must be approved by the Shareholders in general meeting.

24. ADMINISTRATION

The Board will have responsibility for administering the Share Option Scheme. There are no trustees appointed for the purposes of the Share Option Scheme.

NOTICE OF THE SGM

TAUNG GOLD | TAUNG GOLD INTERNATIONAL LIMITED

壇金礦業有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 621)

NOTICE IS HEREBY GIVEN that the special general meeting (the “SGM”) of Taung Gold International Limited (the “Company”) will be held at Unit 1901, 19/F, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, Hong Kong on 28 August 2020, at 3:30 p.m. (or immediately after the conclusion or adjournment of the annual general meeting of the Company to be held at 3:00 p.m. on the same day) to consider and, if thought fit, to pass with or without amendments, the following resolutions:

ORDINARY RESOLUTIONS

“THAT conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the shares of HK\$0.01 each (the “Shares”) in the capital of the Company falling to be issued pursuant to the share option scheme (the “Share Option Scheme”), the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification, the rules of the Share Option Scheme be and are hereby approved and adopted and the directors of the Company be and are hereby authorised to grant options and to allot, issue and deal with the Shares pursuant to the exercise of any option granted thereunder and to take all such steps as they may consider necessary or expedient to implement the Share Option Scheme.”

Yours faithfully,

By order of the Board

TAUNG GOLD INTERNATIONAL LIMITED

Cheung Pak Sum

Christiaan Rudolph

de Wet de Bruin

Co-chairmen

Hong Kong, 13 August 2020

* For identification purpose only

NOTICE OF THE SGM

Notes:

- (i) Any shareholder of the Company (“**Shareholders**”) entitled to attend and vote at the SGM is entitled to appoint one or, if he holds two or more shares, more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (ii) In order to be valid, a form of proxy, together with any power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof, must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
- (iii) The votes at the SGM will be taken by poll.
- (iv) For determining the qualification as shareholders of the Company to attend and vote at the SGM, the register of members of the Company will be closed as set out below:

Latest time to lodge transfer documents for registration:	4:30 p.m. on Monday, 24 August 2020
Closure of register of members:	Tuesday, 25 August 2020 to Friday, 28 August 2020 (both dates inclusive)
Record Date:	Friday, 28 August 2020

During the above closure period, no transfer of shares will be registered. In order to be eligible to attend and vote at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than the above-mentioned latest time.

- (v) In the case of joint holders of a share, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders are present at the SGM personally or by proxy, the vote of that one of the such holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (vi) Delivery of an instrument appointing a proxy should not preclude a member of the Company from attending and voting in person at the SGM or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (vii) A form of proxy for use at the SGM is enclosed together with this circular.
- (viii) **BAD WEATHER ARRANGEMENTS:**

The SGM will be held on 28 August 2020 as scheduled regardless of whether or not an amber or red rainstorm warning signal is in force in Hong Kong at any time on that day. However, if a black rainstorm warning signal or a tropical cyclone warning signal no. 8 or above is in force in Hong Kong at 9:00 a.m. on 28 August 2020, the SGM will not be held on that day but will be automatically postponed.

The Company will post an announcement on the website of the Company at www.taunggold.com and on the HKExnews website of the Stock Exchange at www.hkexnews.hk to notify the Shareholders of the date, time and place of the rescheduled meeting.

Shareholders should make their own decision as to whether they would attend the SGM under bad weather conditions having regard to their own situation and if they should choose to do so, they are advised to exercise care and caution.

- (ix) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

NOTICE OF THE SGM

PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

The holding of the SGM in order to comply with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the bye-laws of the Company could potentially create a significant risk in terms of the spread of the Novel Coronavirus (the "COVID-19") pandemic because of large crowds coming together.

To reduce the risk of spreading the COVID-19 pandemic and for the health and safety of the attendees of the SGM, the Company wishes to remind the Shareholders and their proxies as follows:

No attendance

Those individual Shareholders who have any symptoms of upper respiratory system diseases or are under any quarantine requirements are advised not to attend the SGM in person.

Not later than 48 hours before the time of the SGM

For the health and safety of the Shareholders, the Company would like to encourage the Shareholders to exercise their right to vote at the SGM by appointing the chairman of the SGM as their proxy instead of attending the SGM in person. Completion and return of the proxy form will not preclude the Shareholders from attending and voting in person at the SGM or any adjournment thereof should they subsequently so wish. Shareholders may appoint the chairman of the SGM to attend and vote on their behalf by completing and depositing the forms of proxy enclosed with the circular with the Company's branch share registrars in Hong Kong below:

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

At the venue of the SGM

Due to the recent development of the epidemic COVID-19 and the heightened requirements for prevention and control of its spread, the Company will implement the following precautionary measures at the principal place of meeting of the SGM against the epidemic to protect the attending Shareholders, staff and other stakeholders from the risk of infection:

- i. compulsory body temperature check will be conducted for every Shareholder, proxy and other attendee at the entrance of the venue of the SGM. Any person with a body temperature of over 37.0 degrees Celsius or is exhibiting flu-like symptoms will not be admitted to the venue of the SGM;
- ii. every Shareholder, proxy or other attendee is required to (a) fill in health declaration form with information including travelling record and health condition; and (b) wear surgical facial mask throughout the meeting. Any person who refuses to follow the aforesaid will not be admitted to the venue of the SGM;
- iii. every Shareholder, proxy or other attendee who has travelled from jurisdictions, which according to the Department of Health of Hong Kong would render such person subject to a quarantine order, within 14 days of the date of SGM will not be admitted to the venue of the SGM;
- iv. no refreshments and souvenirs will be served; and
- v. the management will be available either in person or through video conference facilities to host the SGM and answer questions from Shareholders.

To the extent permitted under law, the Company reserves the right to deny entry into the venue of SGM or require any person to leave the venue of the SGM in order to ensure the safety of the attendees at the SGM.

Due to the constantly evolving COVID-19 pandemic situation, the Company may be required to change the SGM arrangements at short notice. Shareholders are advised to check the website of the Stock Exchange and the Company's website for future announcements and updates on the SGM arrangements.