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Hengxing Gold Holding Company Limited

恒興黃金控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 2303)

Operational Updates of Gold Mountain Mine for the Fourth Quarter of 2014

This is a voluntary announcement made by Hengxing Gold Holding Company Limited (“Hengxing Gold” or the “Company”, including its subsidiaries, the “Group”).

The board (the “Board”) of directors (“Directors”) of the Company announces the operational updates of its Gold Mountain Mine (as defined in the prospectus dated 19 May 2014 of the Company) for the fourth quarter of 2014. Gold Mountain Mine is the largest operating gold mine in Xinjiang region of China in terms of JORC resources, designed annual ore processing capacity and estimated gold production volume at full production level.

Production Updates of Gold Mountain Mine

Based on the unaudited operational data of the Group and the information currently available to the Company, the Group’s Gold Mountain Mine processed approximately 545,641 tonnes of ore during the fourth quarter of 2014, which was approximately 40% of its designed capacity on a quarterly basis, and produced approximately 5,005.5 ounces (equivalent to approximately 155.7 kg) of gold doré during the fourth quarter of 2014.

During the fourth quarter of 2014, the Gold Mountain Mine has experienced conveyer belt breaking down, causing significant down time for repairing. Additional down time had been caused by cleaning the crushing system due to the high ore moisture content during the heavy snow in winter season. As a result, the amount of ore processed during the fourth quarter of 2014 has dropped dramatically, which was less than half of the amount of ore processed during

the third quarter of 2014. The reduction in ore processed has affected gold doré production during the fourth quarter of 2014. The Company has made necessary personnel changes and implemented necessary measures to ensure overall system uptime.

Technical Upgrade of Gold Mountain Mine

As stated in the voluntary announcements of the Company dated 15 September 2014 and dated 15 October 2014, a vertical impact crusher (“Trio Crusher”) was experimentally installed and commissioned at the end of August 2014. Trio Crusher is supplied by Zhong Kuang Hua Yuan Engineering Equipment (Beijing) Company Limited (中礦華源工程設備(北京)有限公司), the sales representative of Trio China Ltd. (上海傑弗朗機械設備有限公司) and under warranties from Trio China Ltd. During the following months, the Company has observed Trio Crusher experienced unsatisfactory results due to the lack of overall adaptability, higher energy consumption and high wear rate of wearable parts. This trial has increased the down time of the crushing system which resulted in a lesser amount of ore being processed. Therefore it was concluded that Trio Crusher would not be a feasible upgrade to the current processing system of Gold Mountain Mine. The Company has requested a full refund on the purchase according to warranties contained in the purchase contract.

The Company continued its efforts on the technical upgrades of the processing system by identifying crushers made by other manufacturers. Currently, three alternative upgrading methods have been planned by the management of Gold Mountain Mine, including a vibrating crusher supplied by Xuzhou Qiaoxin Mining Machinery Manufacturing Company Limited (徐州喬鑫礦業機械製造有限公司) (“Xuzhou Qiaoxin”), a rotor centrifugal crusher supplied by Zhengzhou Dingsheng Engineering Technology Co., Ltd (鄭州鼎盛工程技術有限公司) (“Zhengzhou Dingsheng”), the sales representative of BHS Sonthofen from Germany, and a Gaoke Crusher (高科破碎機) supplied by Shenyang Metallurgy Mine Heavy Equipment Co., Ltd (瀋陽冶礦重型設備有限公司) (“Shenyang Metallurgy”).

Progress of the three alternative technical upgrades is summarized as below:

- Gold Mountain Mine has signed the trial agreement with Xuzhou Qiaoxin and the vibrating crusher is expected to be ready in four months from the effective date of the trial agreement.
- The rotor centrifugal crusher supplied by Zhengzhou Dingsheng has been installed and started commissioning.
- The Gaoke Crusher has been ordered and is expected to be delivered in two months.

The Company will continue to update shareholders and potential investors in relation to the status of the technical upgrades of Gold Mountain Mine as and when appropriate according to the applicable laws and regulations.

Exploration Updates of Gold Mountain Mine

As stated in the voluntary announcement of the Company dated 15 October 2014, Gold Mountain Mine has conducted joint exploration work in Bohegou (薄荷溝) area with Western Region Gold Ili Company Limited (西部黃金伊犁有限責任公司) and several continuous gold-in-soil anomalies with high Au ppm have been observed. To address the local community concerns, the drilling program was postponed. Considering the high potential of Bohegou area,

the management of Gold Mountain Mine is investing additional efforts to prepare a detailed exploration program. The Company will continue to update the progress of the joint exploration.

This announcement is made based on the Board's preliminary review of the unaudited operational data of the Group and the information currently available to the Board, and it is not based on any figures and information which have been audited or reviewed by the Group's auditors. The references to the gold production, gold price or unit operating cash cost do not constitute, represent or indicate the full picture of the Group's total revenue or financial performance and the information contained in this announcement may be subject to change and adjustment.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Company's securities.

By order of the Board
Hengxing Gold Holding Company Limited
KE Xiping
Chairman

Xiamen, the PRC, 9 January 2015

As at the date of this announcement, the executive directors of the Company are Mr. KE Xiping, Mr. CHEN, David Yu and Mr. Albert Fook Lau HO, and the independent non-executive directors of the Company are Ms. WONG, Yan Ki Angel, Mr. XIAO Wei and Dr. Tim SUN.