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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)

CONNECTED TRANSACTION

On 26 January 2015, Jinchuan Mining, a subsidiary of the Company, entered into the Gold Dore Purchase Agreement with Xiamen Hengxing pursuant to which the Group agrees to sell and Xiamen Hengxing agrees to purchase the gold dore for a consideration of RMB1,000,000 (equivalent to approximately HK\$1,249,000).

Xiamen Hengxing is a private company which is 99.34% directly owned by Mr. KE. Accordingly, the transaction contemplated under the Gold Dore Purchase Agreement constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. As the applicable percentage ratios (other than the profits ratio) for the Gold Dore Purchase Agreement are less than 25% and the total consideration is less than HK\$10,000,000, the Connected Transaction is subject to the reporting and announcement requirements but is exempted from the circular and the independent shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

THE GOLD DORE PURCHASE AGREEMENT

Date: 26 January 2015

Parties: Jinchuan Mining, a subsidiary of the Company, as the vendor; Xiamen Hengxing, as the purchaser

Xiamen Hengxing is a private company which is 99.34% directly controlled by Mr. KE. Mr. KE is a chairman and executive Director and a controlling shareholder holding 60% interest in the issued share capital of the Company.

Xiamen Hengxing is therefore an associate of Mr. KE and a connected person of the Company for the purpose of the Listing Rules.

Subject matter: Xiamen Hengxing agrees to purchase the gold dore produced by the Group.

The Connected Transaction is one-off at normal commercial terms. The trading of goods is based on market price of gold with reference to Shanghai Gold Exchange.

Consideration: RMB1,000,000 (equivalent to approximately HK\$1,249,000)

The consideration has been arrived at after arm's length negotiations between the Group and Xiamen Hengxing with reference to market price of gold.

The consideration should be 100% paid by Xiamen Hengxing to Jinchuan Mining by cash when both parties agree with the purity and weight of the gold dore, which will be tested by a third party refinery.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONNECTED TRANSACTION

The Group is principally engaged in the gold mining and production. Xiamen Hengxing is a private company conducting business in trading, real estate, mining and investment.

Xiamen Hengxing has sought to purchase from Jinchuan Mining RMB1,000,000 worth of gold to be used in transaction to facilitate its gold lease financing with commercial banks. Gold purchase price is based on prevailing market price and the terms of the Gold Dore Purchase Agreement is in accordance with the agreements with independent third parties. Therefore, the Directors (including the independent non-executive directors) consider that the terms of the Gold Dore Purchase Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Xiamen Hengxing is a private company which is 99.34% directly owned by Mr. KE. Mr. KE is a chairman and an executive Director and a controlling shareholder holding 60% interest in the issued share capital of the Company. Xiamen Hengxing is therefore an associate of Mr. KE and a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transaction contemplated under the Gold Dore Purchase Agreement constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. As the applicable percentage ratios (other than the profit ratio) for the Gold Dore Purchase Agreement are less than 25% and the total consideration is less than HK\$10,000,000, the Connected Transaction is subject to the reporting and announcement requirements but is exempted from the circular and the independent shareholders' approval requirements under Rule 14A.76 of the Listing Rules. Mr. KE is considered to have an interest in the Connected Transaction by virtue of his interests in Xiamen Hengxing, and has abstained from voting on the Board resolution to approve the transaction contemplated under the Gold Dore Purchase Agreement.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Hengxing Gold Holding Company Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange
“Connected Transaction”	the transaction contemplated under the Gold Dore Purchase Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent shareholders”	shareholder(s) other than Mr. KE
“Jinchuan Mining”	Xinjiang Gold Mountain Mining Co., Ltd (新疆金川礦業有限公司), a limited liability company established in China on 20 June 2003 and owned as to 93.6% by Tianshan Gold Securities (Hong Kong) Limited and 6.4% by Xinjiang Tianshan Goldfield (Xinjiang) Investment Advisory Limited (新疆天山金田投資諮詢有限公司)
“Gold Dore Purchase Agreement”	a sales and purchase agreement dated [26] January 2015 entered between Jinchuan Mining and Xiamen Hengxing pursuant to which Xiamen Hengxing agrees to purchase gold dore from Jinchuan Mining
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. KE”	Mr. KE Xiping, a chairman and an executive Director and a controlling shareholder holding 60% interest in the issued share capital of the Company as at the date of this announcement

“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xiamen Hengxing”	Xiamen Hengxing Group Co., Ltd. (廈門恒興集團有限公司), a limited liability company established in China on 14 September 1994, which is owned by Mr. KE as to 99.34% and by Ms. Liu Haiying, Mr. KE’s wife, as to 0.66%
“%”	per cent

Unless otherwise specified in this announcement, amounts denominated in RMB have been converted for the purpose of illustration only, into HK\$ as follows:

$$RMB1 = HK\$1.2490$$

No representation is made that any amount in HK\$ could have been or could be converted at the above rate or at any other rates or at all.

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, 26 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.