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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 2015 and Changes to the Operating Management

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 for the fourth quarter of 2015 of its Gold Mountain Mine (as defined in the prospectus dated 19 May 2014 of the Company). Gold Mountain Mine, wholly owned and operated by the Company, is the largest operating gold mine in Xinjiang region of China in terms of JORC resources, annual ore processing capacity and gold production volume at full production level. Xinjiang Gold Mountain Mining Co., Ltd (新疆金川礦業有限公司) (“Jinchuan Mining”), incorporated in China, is an indirectly wholly owned subsidiary of the Company.

Production Updates of Gold Mountain Mine

Based on the unaudited operational data of the Group and information currently available to the Company, the Group’s Gold Mountain Mine crushed and processed approximately 1,152,248 tonnes of ore and produced approximately 12,472.4 ounces (equivalent to approximately 388kg) of gold during the fourth quarter of 2015, approximately 111% and 149% greater than the figures for the same period last year.

More importantly, the all-in gold production cost for the full year of 2015 is further reduced to approximately US\$850/oz, as a result of enhanced production process and cost control measures. The Company has continued its efforts to improve the durability of key wearable components, such as the liners of the coarse crushers, leading to better ore crushing results. However it has still yet to meet the final particle size of P80-6.3 mm as per the designed specifications required to reach the optimal recovery rate determined by the feasibility study report and warranted by the crushing equipment supplier.

Technical Upgrade of Gold Mountain Mine

As disclosed in the previous announcements, the Company continued the testing of alternative crushers with a view to achieving the designed process capacity and particle size. After the trial of Gaoke Crusher (高科破碎機) with Shenyang Metallurgy Mine Heavy Equipment Co., Ltd (瀋陽冶礦重型設備有限公司), the Company is also considering inertia crusher provided by Beijing Kaite Crusher Co., Ltd (北京凱特破碎機有限公司). On 15 January 2016, the first phase of testing has been completed successfully, but the final applicability of inertia crusher will be concluded after next phase of testing.

Updates of Arbitration against Trio China Ltd

As disclosed in the previous announcements, the arbitration between Jinchuan Mining and Trio China Ltd was heard on 25 June 2015 and 12 August 2015 respectively. Xiamen Arbitration Commission is considering using an expert consultation process and details of such arrangement are under review. The final award will not be issued until the completion of the various process.

Changes to the Operating Management

Changes of the operating management team at Gold Mountain Mine were made during the quarter, with the appointment of additional senior managers with substantial gold mining experiences and technical backgrounds. Details of the management changes are as follows:

Mr. Pan Jianyun, retired from the Chairman of Jinchuan Mining, with effect from 16 October 2015, and is appointed as the assistant to the Chairman of the Group, responsible for the development of the Group's gold resource in Xinjiang. He is replaced by Mr. Ke Xizheng, aged 52. Mr. Ke has around 30 years' experience in government affairs. Mr. Ke obtained a bachelor degree from Xiamen University (廈門大學) in July 1984. His substantial experience in government is expected to benefit the governance and community relations of Gold Mountain Mine. He is the brother of Mr. Ke Xiping, who is the Chairman of the Board of the Group.

Mr. Luo Xianren resigned from the General Manager of Jinchuan Mining with effect from 16 October 2015 and now is serving with the metallurgy department of Xiamen Hengxing Group Co., Ltd. He is replaced by Mr. Li Shanren, aged 55, as the General Manager of Jinchuan Mining. Mr. Li has 23 years' experience in gold mining industry. Prior to joining the Group, Mr. Li was the Chief Engineer of Shandong Zhaojin Group from November 2010 to February 2014 and Vice President of Zhaojin Mining Industry Company Limited (招金礦業股份有限公司) (HKSE: 1818) from December 2009 to November 2010. Mr. Li graduated from Kunming Institute of Engineering (昆明工學院), and qualified as a mining engineer.

The Company will update shareholders and potential investors from time to time on the status of production, technical upgrade and exploration progress.

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, 22 January 2016

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.