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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 Second Quarter of 2018

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 second quarter of 2018 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 according to JORC resources. Its annual ore processing capacity and gold production volume are 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

As at 30 June 2018, Gold Mountain Mine has four operating pits, namely the Yelmand pit, the Mayituobi pit, the Jingxi-Balake pit and the Kuangou pit, which has commenced mining activities since April 2018. The table below illustrates the production details of each pit in the second quarter of 2018.

Pits	Stripping volume (cubic meters)		Ore mined (tons)	
	2018 Q2	2017 Q2	2018 Q2	2017 Q2
Yelmand	372,992	791,516	862,590	1,282,423
Mayituobi	117,520	85,537	309,115	116,567
Jingxi-Balake	1,438,320	1,455,162	353,491	-
Kuangou	958,704	1,453,570	135,664	-
Total	2,887,536	3,785,785	1,660,860	1,398,990

Based on the unaudited operational data of the Group and information currently available to the Company, Gold Mountain Mine processed 1,925,568 tonnes of ore and produced 27,534 ounces (equivalent to approximately 856.4 kg) of gold during the second quarter of 2018, up 31% and 66% respectively from the same period last year. Other than processing current mined ore, the high pressure grind roller is as well reprocessing 1 million tonnes of the ore in the existing pad with an average grade of 0.4g/t in 2018 and is expected to achieve a gold production of 200 kilograms.

Overall, the total stripping cost increased as well as some material costs increased. The Company took a proactive role to manage maintaining the all-in sustaining cost at a competitive level of RMB149.2/gram (equivalent to US\$701/oz with exchange rate of RMB6.6166/USD as at 30 June 2018).

Other Updates of Gold Mountain Mine

As disclosed in the previous announcements, a final award on the arbitration between Jinchuan Mining and Trio China Ltd (“Trio”) was issued on 22 February 2018. The award has been enforced on 3 July 2018. Jinchuan Mining has collected the refund of purchase price and legal cost totaling RMB11,930,000 from Trio.

The Company intends to provide available updates on the status of production and company activities to its shareholders and potential investors on a timely basis.

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, 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, 27 July 2018

As at the date of this announcement, the executive directors of the Company are Mr. KE Xiping, Ms. Yang Yifang (Lydia Yang), Mr. CHEN, David Yu and Mr. KE Jiaqi, the nonexecutive director of the Company is Mr. Albert Fook Lau HO and the independent nonexecutive directors of the Company are Ms. WONG, Yan Ki Angel, Dr. Tim SUN and Dr. PAN Guocheng.